

NEWS: EUROPE

German cash for Ukraine disappears

By Matthew Kaminski
in Kiev

An expensive goodwill gesture from Germany to Ukraine has opened old wounds. Some DM80m (\$47m) in German taxpayer money has gone missing from a special DM400m fund set up in 1993 for more than 600,000 Ukrainian victims of the second world war, and months of discreet talks have yielded no solution.

German authorities have expressed their "concern" to the Ukrainian government and held out hope that the funds would be recovered and the outstanding claims from war victims be met.

But relations are strained. The problems started in September when the Ukrainian government Foundation for Understanding and Reconciliation, charged with distributing the German restitution fund, stopped paying compensation.

The foundation subsequently told German officials that DM80m had been frozen in an account held at Gradobank, a large Ukrainian commercial bank placed under central bank supervision after a run on deposits in March. The foundation's director was fired in October and left Kiev. His replacement, Mr Igor Lushnikov, declined an interview.

The Ukrainian cabinet, under pressure, last week passed a resolution proposing to issue special compensation bonds through another commercial bank that could be redeemed by

the victims, but no specific amount was mentioned. The central bank asserts that Gradobank, which has been virtually bankrupt for nearly a year, can be rescued when outstanding loans come in and urges patience.

But German officials are unconvinced. "In any other country Gradobank would cause a major scandal," one said. "The German money was used for loans to insiders and members of the ruling establishment. The bank is not getting closed possibly because the government suffers deeply from those who suffered in the war - or it is possibly covering its

tracks," the official added. Cross-shareholding and intimate ties with the government characterise Ukraine's weakly capitalised banking system.

The foundation, created and run by the Ukrainian cabinet, had a mandate that permitted deposit of the German funds in local banks and collecting of interest. Four banks were chosen. Germany has no oversight role within the foundation and cannot look into its books, even though all its funding comes from the federal government in Bonn.

"Fifty years after the war, Germany did not want to be involved in deciding victim

claims," a diplomat said. "Now we can exert only political pressure."

In 1993, Germany agreed on a DM1bn humanitarian settlement with Russia, Ukraine and Belarus. The compensation scheme had been the initiative of Chancellor Helmut Kohl after German unification.

The programme also ran into problems last summer in Belarus when President Alexander Lukashenko wanted to transfer DM10m from a private to a state bank and use the funds for his budget. The Belarusian leader backed down after intervention by the German foreign minister.

Yeltsin's hint fuels succession rumours

By John Thornhill
in Moscow

President Boris Yeltsin yesterday raised the possibility of amending the Russian constitution.

In his first radio address to the nation since falling ill with pneumonia at the beginning of the year, he said the constitution was the "core of Russian statehood", which had ensured democratic elections at every level of government, and should not be changed recklessly. But he hinted that it could be modified to reflect changing circumstances. The constitution was adopted in 1993 at a time of great upheaval.

"Proceeding from the demands of life, amendments and additions can be made to the constitution, but there is no need to hurry with this," he said.

Mr Yeltsin's comments will fuel speculation that the Kremlin is toying with various schemes to ensure political continuity if the ailing president is forced to step down.

The Russian establishment, seemingly fearful that the populist Mr Alexander Lebed would win fresh presidential elections, has been floating various constitutional amendments.

One variant suggests that Mr Victor Chernomyrdin, the prime minister, who would take over temporarily if the president were incapacitated, should serve out the rest of Mr Yeltsin's term. Others suggest the creation of a constitutional monarchy or the appointment of the president by parliament.

Meanwhile, Mr Gennady Zyuganov, the Communist party leader who came second in last summer's presidential elections, warned his party to be ready for new elections at any moment. Communist deputies have been pushing Mr Yeltsin's doctors to submit a written assessment of the president's health to parliament.

In his address, Mr Yeltsin promised Russia's pensioners he would eradicate the problem of delayed pension payments caused by the crisis in public finances. "People should get their February pensions in February," he said.

He also dismissed talk that pensioners who still worked would lose their state pensions. "To deprive working pensioners of their pensions is not just foolishness, it is a crime," he said. Mr Yeltsin has been recovering from pneumonia more slowly than expected but confirmed yesterday that he would address parliament on March 6.

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GERMAN MINERS PROTEST OVER SUBSIDY CUTS

Mr Johannes Rau, prime minister of North Rhine-Westphalia, joins more than 100,000 striking coalminers and their supporters yesterday in Lünen protesting against big cuts threatened in government subsidies for the German coal industry, writes Ralph Atkins in Bonn.

Union, church and other community leaders organised a "solidarity band" about 100 km long.

The government hopes to reach a decision on the subsidies, worth DM10bn (\$6bn) a year, in the next few weeks.

There is strong pressure within Chancellor Helmut Kohl's coalition for substantial cuts and an eventual end to subsidies.

The Free Democratic party, junior coalition members, warned against making "untenable" promises to miners.

E Europe seeking to curb money laundering

By Vincent Boland in Prague

Eastern Europe's emerging markets are being forced to strengthen, or introduce, fraud and money laundering legislation under the pressure of internal financial crises and hopes of joining the European Union.

Legislation is due to be introduced shortly in the Baltic states and is being prepared in Romania and elsewhere, according to delegates attending a conference in Prague on money laundering in the region.

Mr Rowan Bosworth-Davies, a UK lawyer who advised Romania on financial regulation, said there was a perception that it was easy to move money through the region's fragile financial system but legislation was going in the right direction.

"There is an immense willingness to take the fight forward," he said.

This week the Czech finance ministry ordered a probe into four suspected

cases of money laundering at domestic financial institutions. The move was facilitated by the strengthening earlier this year of anti-fraud legislation.

It coincides with a separate crackdown on insider trading and other suspected abuses on the Prague stock exchange, which, unlike the Warsaw and Budapest exchanges, does not have a strong regulatory watchdog.

Mr Andrej Sutt, deputy head of policy at the Estonian central bank, said "a legal framework consistent with international law" was well under way and the political will was present in all three states to implement it.

A key problem faced by regional regulators is in identifying the shareholders of banks suspected of criminal activity or unsafe banking practices, who often hide behind tight secrecy laws.

The Czech National Bank said at the time shareholders would

have to bear the cost of rescuing troubled banks. It spent at least Kc22bn (\$7m) last year restructuring the small bank sector, the source of the trouble, and the government had to give guarantees for emergency loans to those banks.

Mr Chris Dickson, senior assistant director at the UK Serious Fraud Office, said it was essential to know "who is calling the shots" at banks. He also suggested regulators be given the right to inquire into the beneficial ownership of suspicious or nominee shareholdings.

Mr Dickson said this would stop some shareholders from regarding banks as "boxes stuffed with other people's money" and make some types of bank fraud more difficult to commit.

Several countries have taken advice from western regulators in designing legislation to identify threats to their financial systems and to bring laws into harmony with EU directives.

Madrid puts boot into TV soccer plans

By Tom Burns in Madrid

The passions that football arouses in Spain are so great that they can make politicians stand on their heads.

The game, or more exactly the issue of who televises it, is so important that Mr Francisco Alvarez Cascos, deputy prime minister and chief government trouble-shooter, has spent most of the week talking to club chairmen instead of negotiating with striking truckers who have blockaded most of Spain's main roads.

Yesterday, Madrid's centre-right government abandoned its free market platform to review legislation on television rights that looks distinctly interventionist. The previous day the opposition Socialist party forthrightly defended the business ambitions of a media mogul who, in any country other than Spain, would have been championed by conservatives.

Mr Alvarez Cascos also turned up on late-night radio chat shows, to which Spaniards are addicted, to inform listeners that Spain intended to be "an example to Europe". On curbing budget deficits, perhaps? No. The deputy prime minister chose to appear on sports programmes and his message was that the government intended to curtail pay-per-view TV broadcasts of football matches.

The government's draft legislation takes its cue from proposals by the European Commission that would guarantee wide public access to broadcasts of top sporting events. As far as the government is concerned, "top events" in soccer-mad Spain means all the crowd-pulling first division matches.

This interpretation is a blow below the belt to Canal

Satellite Digital. The first digital station to be set up in Spain, it has spent a lot of money signing up exclusive broadcasting rights with the big clubs. Managed by Prisa, the leading domestic media group, the station hopes to recoup its investment in two years' time when it plans to start offering first division soccer only to those who buy its sports channel.

Prisa, through its newspaper El Pais, the best-selling domestic daily, and through its SER radio network, has accused the government of "persecuting" its chairman and chief shareholder, Mr Jesus Polanco. The media mogul's "crime" is that he is a staunch supporter of Mr Felipe Gonzalez, the former prime minister whose Socialist government awarded him a licence to launch a pay-TV service 10 years ago in association with France's Canal Plus.

While the government claims it is seeking to prevent monopolies, the Socialist opposition alleges blatant interference in the free market in order to protect a rival digital TV station which is backed by the government and which has no soccer broadcasting rights.

What has dawned on Mr Alvarez Cascos, as he talks to the football chairmen, is that if the government pushes ahead with its public access soccer plans, it will be the clubs, not just Prisa's pay-per-view project, which will be in trouble. The clubs have invested colossal sums to sign up soccer stars on the strength of the exclusive TV contracts.

Public access soccer may be a vote winner (as well as a useful way to spite Mr Polanco) but if the clubs were forced to sell their stars, they might not thank the government.

Fight 'will not be easy'

The fight against money laundering and fraud in eastern Europe's emerging markets is not going to be easy, a conference in Prague on the issue heard yesterday, writes Vincent Boland.

While the lawless environment into which these countries emerged after the end of communism is gradually being replaced by the rule of law, many early economic reform measures took place before the introduction of proper regulatory systems.

Mr Jonathan Harfield, money laundering officer at the European Bank for Reconstruction and Development, outlined several casualties of the early days of reforms, when an atmosphere conducive to money

laundering prevailed - low wages for law enforcement officials, a dash for hard currency, inflation, a cult of secrecy as a reaction to the cult of informing that characterised communism.

In the Czech Republic and Slovakia, new banks were quickly created without a proper fraud investigation system to deter undesirable shareholders or institutions. Privatisation also transferred vast amounts of state property to private hands and the Prague stock market was set up without a proper securities watchdog.

In the early 1990s the Palestine Liberation Organisation deposited \$50m (\$81m) in Polish banks. The money "disappeared without trace,"

Mr Harfield said. "The environment in which a bank or a company operates - particularly a bank in emerging markets - operates is the key determinant of its susceptibility to money laundering," Mr Harfield said.

He suggested two questions should be asked by western investors doing business in the region. Is a particular financial institution or company materially more susceptible to money laundering than its peers in a country of operation? And is my bank or company exposing itself to unnecessary reputation or credit risk?

"If the answers are 'no', then a deal may be possible," he said.

Sweden's SDP sees drop in support

By Hugh Carnegie
in Stockholm

Sweden's governing Social Democratic party, for decades the country's biggest political group, was shaken yesterday by an opinion poll which showed the conservative opposition Moderate party leading it by a significant margin.

The poll followed a controversial decision by the government to begin decommissioning the country's big nuclear power industry. The decision to shut two out of 12 reactors by mid-2001 has

been heavily criticised by the opposition, trade union leaders and top industrialists as a threat to the economy and employment.

Support for the SDP, for decades the country's biggest political party, slumped to 27 per cent after the nuclear decision, according to the poll by the Tempo research institute.

It was a fall of 4 percentage points from a similar poll in December, and compared with the 45.3 per cent vote the party won in the 1994 general election. The Moderates, led by Mr

Carl Bildt, former prime minister, jumped 3 points to 31.5 per cent, their highest level since 1979 and a big rise from 22.4 per cent in the general election.

SDP officials said the poll reflected disquiet over record unemployment - running at more than 13 per cent of the workforce - and recent tough public spending cuts, rather than the nuclear decision.

However, opposition leaders said the nuclear shutdown had further alienated many SDP supporters already worried that the

government's economic policy was set to hinder rather than stimulate employment growth.

Mr Göran Persson, the prime minister, took the decision to begin a shutdown of nuclear power, which provides half of Sweden's electricity needs, in large part to cement an alliance between the SDP and the small, pro-green Centre party.

It was in line with a 1980 referendum decision to decommission all nuclear reactors eventually, but defied growing opinion that

they should not be closed before the end of their technical lifespan.

The prime minister is anxious to preserve the SDP-Centre alliance up to and beyond the September 1998 election as a means of ensuring the minority government stays in power - and prevent a reformation of Mr Bildt's former right-centre coalition which included the Centre party.

But yesterday's poll suggested his strategy could backfire unless there is a clear rise in employment.

INTERNATIONAL NEWS DIGEST

US air strike talks continue

American Airlines and its pilots were yesterday locked in round-the-clock talks with no sign of a breakthrough that would end a strike due to begin at midnight last night. If the strike goes ahead, it threatens to cause severe disruption to air travel in the US because American Airlines, the nation's second biggest carrier, carries about 200,000 passengers a day, equivalent to 20 per cent of the domestic market.

An economic impact report prepared by the Transportation Department this week estimated that a shutdown of the airline would cost the US economy up to \$200m a day, and President Bill Clinton is under pressure to intervene. The White House has been keeping a close watch on developments, but Mr Clinton has appeared determined to let the mediation process play itself out before contemplating any direct intervention.

In 1993, Mr Clinton successfully pressed Mr Robert Crandall, chairman and chief executive of American Airlines, to accept binding arbitration five days into a strike by the airline's flight attendants. In the latest dispute, the airline has said it will accept binding arbitration, but the pilots' union opposes it. Mr Clinton could impose arbitration by establishing a Presidential Emergency Board, which would have 30 days to forge a settlement plan. Richard Tomkins, New York

Andorra votes tomorrow

The citizens of Andorra, the tiny tax-free mountain state lodged in the Pyrenees between France and Spain, go to the polls tomorrow to take part in the second-ever fully democratic elections held in the co-principality. Nearly 11,000 of the inhabitants are eligible to vote for the 28 part-time councillors who will between them choose a prime minister and cabinet to rule for the next four years.

At stake is the future direction of a state suffering economically and at a crossroads in its relations with its neighbours and with the European Union - with which it has a series of agreements, without being a member. The first fully fledged government elected in 1993 and led by Mr Oscar Ribes Reig, a long-standing political figure, collapsed after a no-confidence vote. Some analysts expect the existing fragile coalition led by Mr Marc Forné Molné, his replacement as prime minister and head of the UL liberal union party, to collapse after tomorrow's vote. Andrew Jack, Andorra

Japan 'must alter liquor taxes'

A World Trade Organisation arbitrator yesterday ruled that Japan would have to end its liquor tax regime, found to discriminate against imports, within 15 months. This was a victory for the US, which took the case to arbitration because Japan proposed to wait 23 months to begin changing its tax regime, and the entire process was to take up to five years.

Ms Charlene Barshefsky, US trade representative, said she was pleased that the arbitrator had "reaffirmed the central principle of the WTO Dispute Settlement Understanding - that members have an obligation expeditiously to comply with WTO rulings". A senior trade official said it was important that Japan is "a leading signatory" to the WTO, and "it was important the door not be opened to longer periods of time to implement WTO decisions".

The US, EU and Canada brought the complaint against Japan in 1985. Under the current regime, the highest tax rate falls on whisky and the lowest on shochu, a traditional Japanese spirit. The panel recommended Japan change its liquor tax law. To comply with the ruling, Japan offered to lower the tax on whisky by 58 per cent from October and raise that on shochu by between 1.6 and 2.4 times over five years. Nancy Dunne, Washington

Bosnia town stays with Serbs

A US arbitrator ruled yesterday that the disputed Bosnian town of Brcko would remain under Serb occupation but be placed under international supervision until a final decision on its future is reached next year. Brcko was the only part of Bosnia left unresolved by the US-mediated Dayton agreement that ended more than three years of war in 1995. The strategic northern town on the Sava river lies across a narrow corridor linking Serb-controlled territory in the west and east of Bosnia. Serb forces captured the town early in the war, killing or expelling Muslims and Croats who had been in a majority there.

Mr Alija Izetbegovic (pictured above), the Muslim chairman of Bosnia's collective presidency, threatened to resign this week if Brcko was handed to the Serbs for good. A spokesman for Mr Izetbegovic said Mr Owen's decision was an "injustice" but could be acceptable if properly implemented. Bosnian Serb authorities have prevented thousands of Muslim refugees from returning to Brcko. Guy Dunmore, Belgrade

Enel to fight tariff cut move

A decision by an Italian administrative tribunal to annul tariff increases introduced in 1994 by Enel, the state electricity company, will cost L1,500m (\$93m) a year in lost earnings. The estimate was given yesterday by Mr Chico Testa, Enel chairman, following a recent decision by the Lazio region administrative tribunal on action brought by consumers questioning the 1994 price rises.

However, he said Enel was fighting the decision and had taken the matter to the council of state which could issue a ruling before the end of the month. Until then Enel is reluctant to assess the real impact on its balance sheet, whose 1996 profit is expected to be around L2,500m. Enel is in the process of preparing for privatisation but no sell-off is likely until 1998. Robert Graham, Rome

Thai shares and currency dip

The Thai baht and Bangkok share prices dipped sharply yesterday after Moody's credit rating agency said it was reviewing the country's sovereign debt rating for a possible downgrade. The agency said the review was prompted by concerns about the soundness of Thailand's financial sector. It noted the recent accumulation of short-term foreign currency debt in the sector and a rise in non-performing property-related loans. Moody's said other problem loans might emerge in the wake of last year's dismal trade performance. Moody's gives Thailand an A2, or upper-medium-grade investment, sovereign credit rating. William Barnes, Bangkok

Spanish jobless up slightly

Spain appeared to be making inroads on its high unemployment level, the highest in the EU, according to data published yesterday. Registered unemployment edged up last month by 40,000 to total 2,255m, but the percentage of jobless, 14.08 per cent, was the lowest recorded for January since 1982. The working population during 1996 rose by 400,000 to 12,542m. Tom Burns, Madrid

Israeli inflation slipped to 10.1 per cent last month against 10.6 per cent in 1996, after a small rise in the January consumer price index. Judy Dempsey, Jerusalem

JPM 201/520

Strong criticism forces consumer credit companies to promise tighter lending policies

Japanese go bankrupt in record numbers

By Gwyn Robinson in Tokyo

A surge in personal bankruptcies in Japan, particularly among middle-aged men and young women, has triggered a backlash against credit companies for their loose lending practices and led to curbs on the widespread use of automated money-lending machines.

Personal bankruptcies reached a record high of 50,615 cases in the first 11 months of 1996, surpassing the total of 43,414 for 1995, according to government figures. Much of the blame for the rise in individual debt has fallen on consumer loan companies, which currently have more than ¥5,200bn (\$41.8bn) in outstanding loans.

In response to mounting criticism, leading consumer-loan companies pledged last week to tighten lending procedures.

There are more than 3,000 money-lending terminals operated by six consumer credit companies throughout Japan. To obtain a loan, a potential borrower needs only to show identification and a pay slip, or other evidence of regular income. If successful, the user can gain a credit line of up to ¥500,000 within 30 minutes, via a cash dispenser next to the loan machine.

Mr Tatsuya Kimura, a lawyer who specialises in personal debt problems, believes the automatic credit machines are largely responsible for driving up debt and bankruptcies. "These machines allow people to take out loans without suffering the mental stress or guilt one usually feels when asking for a loan," he said.

He noted that bankrupt individuals are often found to have taken out loans totalling more than ¥4m

from several companies, borrowing more heavily each time to pay previous debts. The companies are able to check through national credit-information networks whether potential borrowers already have outstanding loans with other lenders. "They have the information. Yet they continue extending loans easily, just to expand their profits," he said.

Consumer finance companies escape the strict regulations applied by the finance ministry to banks and large financial institutions. They can procure their funds from banks at interest rates of as little as 5 per cent, and lend to individuals at rates of up to 30 per cent.

Why do the companies continue lending to such risky customers? The Japan Credit Counselling Association, an independent group which helps heavily indebted people, says the

stigma of bankruptcy in Japan is such that consumer credit companies can usually rely on relatives to pay up if the borrower is unable. "It would bring shame on the whole family if the borrower was permitted to file for bankruptcy," said an association spokesman.

The rapid growth in personal bankruptcies, from an average annual total of about 10,000 up to 1990, when the speculative bubble era collapsed, has spurred people such as Mr Kimura and the credit counselling association to campaign against indiscriminate lending policies. The finance ministry, in response, warned consumer credit companies to review their practices.

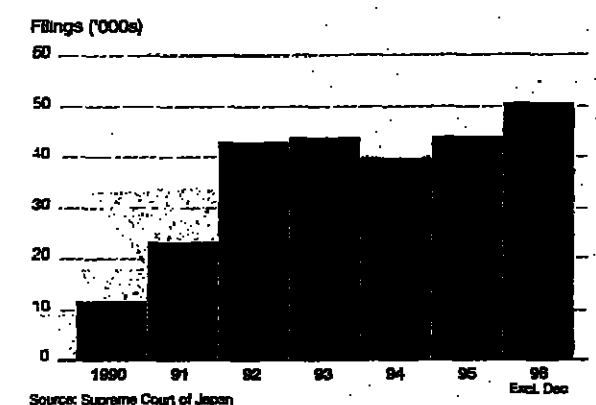
The country's five largest consumer credit companies have now promised to tighten procedures, including limiting the number of companies from which a per-

son can borrow, and closing down automatic machines on weekends. The companies also said they would introduce "proper counselling" for consumers and disclose more information about their operations.

Japanese corporate bankruptcies, reached 1,204 in January, the highest level for the month in 10 years and nearly 8 per cent more than a year ago, according to Teikoku Data Bank, a private research institute. Liabilities resulting from the bankruptcies surged 121.7 per cent from a year ago to mark a record for the month of January of ¥717.95bn. Among the largest corporate bankruptcies were the failure of Kyotaru, a sushi chain operator, and Ga-Jo-en Kanko, a hotel operator. They were among nine cases categorised as large-scale business failures with debts of ¥10bn or more.



Japanese personal bankruptcies



Source: Supreme Court of Japan

US verdict awaited on telecoms pact

By Frances Williams in Geneva and Michio Nakamoto in Tokyo

World Trade Organisation negotiators were last night awaiting Washington's verdict on a global pact that would liberalise telecommunications markets around the world and open them up to foreign competition.

By last night 65 governments (including the 15 European Union member states) representing more than 90 per cent of the \$600bn-plus world telecoms market had submitted offers in the talks. Mexico and Canada were among several countries making significant improvements yesterday in their market-opening proposals in response to continuing US pressure ahead of today's midnight deadline for a deal.

Mexico has raised its foreign equity limit to 49 per cent from 40 per cent, while Canada has eased restrictions in its satellite communications market and brought forward the date for ending the Telesat monopoly on fixed satellite services from 2002 to 2000.

However, despite a personal letter from President Bill Clinton, the Japanese government rejected Washington's call to ease the 50 per cent restriction on foreign ownership of its largest telecommunications operators, NTT and KDD. Canada, too, has refused to budge on its 46.7 per cent foreign equity limit for terrestrial telecoms companies.

Sir Leon Brittan, the EU's trade commissioner, said in Geneva yesterday that the offers now on the table nevertheless represented "a

massive liberalisation of the world telecoms market which it would be crazy not to grab with both hands".

Mindful of the events of last April, when the US walked away from a telecoms accord because it was not satisfied with the package on offer, Sir Leon said he was "optimistic but not complacent". EU ministers were meeting last night to endorse the proposed accord.

In Tokyo, Mr Ryutaro Hashimoto, Japanese prime minister, said that Japan's lifting of its restriction on foreign equity participation in NTT and KDD depended on similar deregulation in the US. The US restricts direct foreign ownership in radio stations to under 20 per cent, though up to 100 per cent foreign ownership is possible through US-incorporated affiliates.

Mr Hashimoto said he intended to write to Mr Clinton explaining that Japan would remove its restrictions on foreign equity holdings in the two carriers only if the US removed all its restrictions as well. The Japanese government has already offered to lift foreign equity restrictions completely on all other carriers and radio stations.

A successful WTO accord could save consumers as much as an estimated \$1,000bn over three years by opening up markets to competition.

KDD, Japan's leading international telecoms carrier, has applied for licences to conduct international telecoms services in the US. It hopes to provide international telephone services to countries other than Japan by leasing lines from US carriers.

Taiwan signals blitz on triads after amnesty

By Laura Tyson in Taipei

Taiwan authorities are to launch a crackdown in the next few days on gangsters who failed to come forward during a two-month amnesty that expired last week.

Justice officials also promised to monitor closely those who had renounced the underworld to prevent them from resuming a life of crime.

Critics said the amnesty was simply a way for criminals to "whitewash" their past, but officials declared the programme a success and warned gangsters not to underestimate the government's determination to root out organised crime.

A total of 1,528 gang members turned themselves in to police authorities and 44 criminal organisations, known as triads, formally disbanded before the amnesty deadline of midnight on February 12.

The following day legislation outlawing crime organisations went into effect.

"The amnesty programme was aimed at giving a chance to gangsters who want to start a new life," said Mr Liao Cheng-han, the justice minister. "But for those who want to use this as a cover for continuing to engage in criminal or gang

activities, we would ask for double punishment if they are caught."

But the China Times, Taiwan's leading daily newspaper, questioned the sincerity of the gangsters, who had turned themselves in for "self-renewal", noting that only 10 gangs had been handed over to police under the amnesty.

"Although justice minister Liao says he is satisfied with the result, many people are deeply suspicious as to whether [the amnesty programme] is just a matter of form," the paper said.

The public has been alarmed in recent years by rising incidence of violent crimes, especially those involving guns, and myriad gangster-inspired corruption scandals in fields ranging from waste treatment plants to professional baseball.

Gangsters have taken advantage of Taiwan's transition to democracy to "launder" their reputations - and advance their criminal endeavours - by getting elected to public office at all levels of government, often through vote-buying or strong-arm tactics.

Police last year released estimates that, out of Taiwan's 21m population, there were 10,582 gangsters belonging to 1,236 gangs.

US data show growth with low inflation

By Gerard Baker in Washington

Prices paid to US producers dropped last month, further evidence that the long economic expansion continues with barely a hint of emerging inflationary pressures.

Producer prices fell by a seasonally adjusted 0.3 per cent in January from a month earlier, the first monthly fall for nearly 2½ years, the Labour Department reported.

Bond prices moved sharply higher following the report, and were lifted further by other figures that showed industrial production cooled in January after its surge at the end of last year.

By noon the yield on the benchmark 30-year treasury bond had fallen to 6.55 per cent, the lowest level for two months.

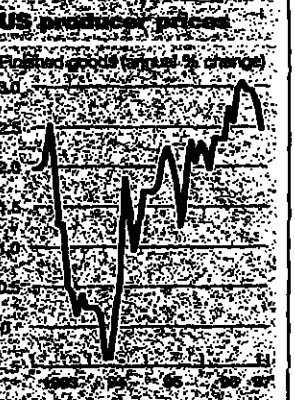
The decline in producer prices last month followed increases of 0.6 per cent in December and 0.2 per cent in November.

The main factor behind the drop was a 1 per cent decline in food prices and a 0.2 per cent fall in energy costs, both of which had risen strongly in 1996. But even core prices, excluding those two volatile components, were unchanged in January from a month earlier.

Seasonally adjusted industrial production was flat last month compared with production in December, the Federal Reserve reported.

Of the main industrial sectors, only utilities registered a significant increase, with output rising by 2.9 per cent last month following an identical decline in December. Mining and manufacturing output declined. Capacity utilisation dropped to 83.3 per cent in January from 83.5 per cent a month earlier.

But the standstill in over-



all industrial production followed two months of strong rises, and the longer-term trend remains upward. In the three months to January, output grew by 1.3 per cent compared with the previous three months.

Other figures published by the Commerce Department yesterday showed a 0.1 per cent fall in stocks held by companies in December from a month earlier. The department also revised downward its estimate for November's stock levels. The figures are significant since they mean the final estimate of overall gross domestic product growth in the final three months of 1996 is also likely to be revised down from the previous estimate of 4.7 per cent.

Overall, the data support the view of an economy growing at a moderate rate with low inflation. The price pressures normally associated with this stage of an economic expansion are still not evident, in spite of an unemployment rate of just 5.4 per cent, close to a 10-year low.

The main inflation threat comes not from prices of finished goods charged by producers but from the services sector, where the recent acceleration in wage costs will feed through much more directly into higher prices.

Netanyahu hints at softer line on Golan

By Patti Waldmeir in Washington

Mr Benjamin Netanyahu, the Israeli prime minister, yesterday reiterated his country's policy of reopening peace talks with Syria "without preconditions" and left the door open to making territorial concessions on the disputed Golan Heights.

He is under heavy pressure from the US to resume negotiations with Damascus.

He has discussed the issue at length with US officials, including President Bill Clinton, during a visit to Washington designed to reward him for last month's agreement to withdraw troops from the West Bank town of Hebron. Diplomats said the visit had done much to ease the tensions between Jerusalem and Washington apparent on earlier visits.

In what was intended as a gesture toward Damascus, Mr Netanyahu said yesterday that he was prepared to "take note" of the results of the previous round of Syrian peace talks, in which the Labour government in Jerusalem had offered to pull back from the Golan Heights in exchange for a secure peace.

But a large gap remains in the talks with US officials, which had covered not only the prospect of renewed talks with Syria but the overall Middle East peace process.

But they said they believed Mr Netanyahu had been able to establish a better working relationship with Mr Clinton.

Mr Netanyahu spoke warmly of the president, and of the crucial role of the US in peace process. But he had strong words for Arab leaders who, he claimed,



Picture perfect: Netanyahu, Israeli prime minister, with Arafat, leader of the Palestinian Authority, at last year's Middle East peace summit. The photo was a winner in the World Press Photo of the Year contest

had been no breakthrough in the talks with US officials, which had covered not only the prospect of renewed talks with Syria but the overall Middle East peace process.

But they said they believed Mr Netanyahu had been able to establish a better working relationship with Mr Clinton.

Mr Netanyahu spoke warmly of the president, and of the crucial role of the US in peace process. But he had strong words for Arab leaders who, he claimed,

were failing to live up to their commitments.

"The glorification of terrorism is still part of the Palestinian lexicon," he said, complaining that Arab leaders had done too little to encourage a "change of heart" among their followers.

The prime minister also issued an uncompromising statement on the issue of the future of Jerusalem, saying that the city would remain "undivided and under our sovereignty".

Laboratory error gives clue to Aids hormone

By Olive Cookson in Seattle

A mistake over the sexing of mice in a leading Aids research laboratory has led to an experimental treatment for the disease involving a hormone produced by women in the early stages of pregnancy.

Dr Robert Gallo told the American Association for the Advancement of Science yesterday that the pregnancy hormone appears to suppress HIV, the Aids virus, without toxic side

effects. It is also effective against Kaposi's sarcoma, a skin cancer associated with Aids.

The story started in 1994 when Dr Joe Bryant, a researcher in Dr Gallo's laboratory at the US National Institutes of Health, accidentally used a mixture of male and female mice in an experiment on Kaposi's sarcoma. He noticed that some animals were unexpectedly resistant to the cancer - and then, after discovering his

were all females in early pregnancy.

Dr Gallo and Dr Bryant have discovered that the compound responsible is present in the urine of mice - and women - that have recently conceived.

The molecule is proving difficult to identify, although it is associated with a hormone called human chorionic gonadotropin. Whether it will become a drug for Aids will not be known until it has been characterised fully and tested.

China, UK still at odds over HK

By James Kyngs in Singapore and John Ridding in Hong Kong

Britain and China failed to narrow their differences in a dispute over civil liberties in Hong Kong yesterday in what was expected to be the last meeting between the foreign ministers before the colony is handed back to China in July.

Mr Malcolm Rifkind, the British foreign secretary, characterised Mr Qian Qichen, China's foreign minister, as defensive during a meeting which Chinese officials described as "cold".

From Singapore, Mr Rifkind flies to Hong Kong, which has seen mounting concern during the past few weeks over Beijing's plans to water down the territory's Bill of Rights and tighten police controls over public demonstrations.

Mr Rifkind said his meeting allowed him to emphasise the "very broad spectrum of opposition" to China's plans on laws concerning civil liberties.

The same issues are expected to cloud Monday's meeting between Mr Rifkind and Mr Tung Chee-hwa, Hong Kong's future leader, who has backed Beijing's proposals. Mr Tung, who takes over in July from Mr Chris Patten, the present governor, has seen his popularity in the territory slump since his appointment in December and has faced criticism from local pro-democracy politicians.

Despite the stand-off between Britain and China, diplomats cited one sign of progress at yesterday's meeting. China agreed that it would be Mr Tung - and not Beijing - who would decide what type of laws are to replace the Bill of Rights clauses which have been scheduled for repeal. However, democratic politicians in Hong Kong were sceptical about prospects for a significant revision of the proposals.

Beijing-backed newspapers have recently suggested that if Britain fails to accept the provisional legislature, then British business interests in China could be hurt.

Mr Rifkind said the UK would never accept a linkage between its economic interests in China and its policy toward Hong Kong. "We would never allow our very important bilateral relations with China to take precedence over Hong Kong," he said.

CALL FOR TENDERS FOR THE SALES OF THE ASSETS

OF "J. C. VELLIDIS, PRESS ORGANISATION OF NORTH GREECE S.A.", OF THESALONIKI, GREECE
ETHNIKI KATHARTIKI S.A., Administration of Assets and Liabilities, of the Chrysothessaloniki S.A., Athens 10560, Greece, in its capacity as Liquidator of "J. C. VELLIDIS, PRESS ORGANISATION OF NORTH GREECE S.A.", a company with its registered office in Thessaloniki, Greece, after "C. VELLIDIS", presently under special liquidation according to the provisions of Article 46 of Law 1892/1990, by virtue of Decision 824/2012/1996 of the Thessaloniki Court of Appeal.

announces a call for tenders for the sale of the assets as a single whole of the company described below.

BRIEF INFORMATION ABOUT THE COMPANY
The Company was established in 1974. On 20.12.1996 it was placed under special liquidation according to art. 46 of L. 1892/90. Its activities included the publishing and printing of newspapers and periodicals.

ASSETS OFFERED FOR SALE
The assets offered for sale, as a single entity, include the following:

- A printing plant located at 85, Monastirion Street, in Thessaloniki. In particular, this consists of parts of the basement, of the ground floor and of the mezzanine floor, the whole of the first, third and fourth floors, occupying a total area of approximately 3,270.26 sqm. It includes printing machinery and equipment.
- Newspaper and periodical titles (registered trademarks) of the morning paper "MACEDONIA" and the evening paper "THESSALONIKI", as well as "EPICHRON-OKNOMIA STA VALCANIA" (for which legal proceedings are pending), "TELETHETA", "MACEDONIA" (for which legal proceedings are pending), "TA NEOTERA". The Company's registered name is also being sold.
- Agricultural plots in the area of Oroskionas, as follows: 1) one-half (1/2) of a plot No 1014, covering approximately 10,019 sqm. 2) one-half of a plot No 1016, covering approximately 8,430 sqm. and 3) plot No 1017 covering approximately 10,862 sqm, including a total area of 29,321 sqm, which used to serve as a greenhouse.
- Motor vehicles, raw materials, furniture, telephone lines and other assets.
- Receivables. A considerable amount of receivables is recorded in the Company's books. These are likely to be precious, as described in the Offering Memorandum.

OFFERING MEMORANDUM - FURTHER INFORMATION
Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTION
1. The Auction shall take place in accordance with the provisions of article 46 of Law 1892/90 as supplemented by article 14 of Law 2009/91 and subsequently amended, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of a bid shall constitute acceptance of all provisions and other terms and conditions.

2. Bidders (Offerors) interested parties are hereby invited to submit their bids, not later than Monday, March 17th 1997, 12:00 noon to the Thessaloniki Notary Public Mrs Ioanna Chrysostomou-Bilias, Address: 11 Thessaloniki S, Thessaloniki 54624, Tel: +30-51-270653, 272822 and 257385, Fax: +30-51-225772.

3. Offers shall be accepted on the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the date thereof and the proposed annual interest rate, if any). In the event of no specifying as to the way of payment, it is understood that the offeror shall bear interest and c) the interest rate shall be determined by the bank of the offeror at the time of the offer. In all cases where the offeror has not specified the interest rate, this shall be calculated in relation to the outstanding amount and shall be payable on the date of payment of each instalment. Bidding offers submitted later than the above date shall neither be accepted nor considered. The offer shall be binding until the adjudication. Submission of an offer in favour of a bid party to be submitted at a later stage shall be accepted under the conditions that express mention is made in this respect upon submission and that the offeror shall give a personal guarantee in favour of such third party for the completion of the obligations deriving from the sale contract.

4. Letters of Guarantee. Bidding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece to remain valid until the adjudication. Non-submission of a Letter of Guarantee shall render the offer null and void. The amount of the Letter of Guarantee must be DRD/ONE HUNDRED AND FIFTY MILLION (USD/ONE...).

5. Letters of Guarantee shall be returned after the adjudication.

6. Sealed Bidding. Bidding offers must be submitted in sealed opaque envelopes.

7. Envelopes containing the bidding offers shall be opened by the above mentioned Notary Public in her office, on Monday, March 17th 1997, 14:00 hours.

8. Any party having submitted a bidding offer shall be entitled to attend and sign the deed concerning the unsealing of the bidding offers.

9. The highest bidder shall be considered the participant, whose offer will be judged by creditors representing over 51% of the claims against the Company (the "Creditors"), upon recommendation by the Liquidator, to be in the best interests of all of the creditors of the Company.

10. In assessing the offer submitted, the advisory services of ETEVA SA shall be employed. The offer submitted shall be assessed on the basis of the following criteria:

Offer Price
Number of jobs created (according to a time plan, mentioning the number of new jobs created and the duration of employment)

Business Plan
The offer submitted shall be assessed on the basis of the offer price, in case of credit, and the maintenance of the proposed number of jobs.

The offer submitted shall be assessed on the basis of the "System of Assessment of Offers", included in the Offering Memorandum. This describes the assessment parameters, while the coefficients by which the criteria are to be weighted shall be submitted to the Public Notary mentioned above in a sealed envelope, to be unsealed at the same time as the unsealing of offers.

11. In case of an offer to be paid by instalments, its payment value shall be calculated on the basis of a 10% discount rate.

12. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his bidding offer and any other improved terms, which may be suggested by the Liquidator and agreed upon, in the event of the highest bidder not complying with such obligations, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale.

13. In case of an offer to be paid by instalments, where the warranties provided in this respect are not to the Liquidator's satisfaction, the sale contract shall contain a resolutive condition entailing payment of the sale price.

14. All costs and expenses of any nature, including any tax (such as VAT), duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by the applicable law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other act prior or subsequent to the transfer of assets shall be exclusively borne by the purchaser.

15. The Liquidator, ETEVA SA and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the assessment of the offers or the appointment of the highest bidder or any decision to accept or cancel the Auction. The Liquidator, the Company or the Creditors shall have no liability for any legal or factual defects or lack of any qualities of the assets, nor for any incomplete or undue description of the assets in the Offering Memorandum. Submission of a bidding offer shall mean the offeror is fully aware of the actual and legal status of the assets. Submission of a bidding offer shall not create any right for the offeror to the assets or the participation in the Auction and the Liquidator shall not be liable for any reason whatsoever.

16. This Call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

17. In order to obtain a copy of the Offering Memorandum and any further information please contact the Liquidator "Ethniki Katherotiki S.A., Administration of Assets and Liabilities", 9a, Chrysothessaloniki S, Athens 10560, Greece, Tel: +30-1-323.14.847, Fax: +30-1-321.79.016 (attention of Mrs. Maria Proussopoulou).

MOTORS

DEMONSTRATORS	
96 (F) 15000, Green White,	SPDA
Minister Leather	
97 (F) GS 300 SPORT, Aspen,	SPDA
Westminster Leather	
97 (F) GS 300, Intense Silver,	SPDA
Westminster Leather	
PRE-OWNED STOCK LIST	
95 (M) 15000, Intense Silver,	£35,995
Westminster Leather	
95 (M) 15000, Aspen, Minister	£34,995
Leather	
95 (M) GS300, Tempest Grey,	£24,995
Westminster Leather	
96 (F) GS 300, Western Blue,	£29,995
Westminster Leather	

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NEWS: UK

Ford offshoot announces expansion as chairman leaves to work outside motor industry

Aston Martin to boost top car output

By John Griffiths in London

Aston Martin, the British luxury sports car company now owned by Ford, is to expand output of its most expensive cars by 25 per cent. They are produced at the factory in Newport Pagnell to the north of London which has been "home" to the company for most of its 70-year history.

The move was disclosed last night, as was a decision by Mr David Price, Aston Martin's chairman and chief executive since October 1995, to take up consul-

tancy work outside the motor industry. Company insiders dismissed reports that Mr Price's decision to leave had been prompted by disagreements over policy with its US parent.

Increased output of Aston Martin's V8 and Vantage models, each costing between £140,000 (\$226,800) and £200,000, also contradicts other reports that the future of the Newport Pagnell site is itself in doubt, and that operations are likely to be concentrated around Aston Martin's second production site at nearby Bloxham Mill. That factory

produces the £80,000-£90,000 DB7 model at a rate of about 600 cars a year.

"Even if we wanted to, we couldn't bring everything to Bloxham; the site is too small and completely taken up with DB7," said Mr Harry Carlton of Aston Martin.

The Newport Pagnell site is substantially the bigger employer of the two, with a workforce of 300 compared with 200 at Bloxham. Only about 100 of the Newport Pagnell employees are engaged in car production - most are involved in the company's highly profitable

maintenance and restoration activities. More than three-quarters of all Aston Martins ever made are still running. The company was founded by Lionel Martin, who built his first car in 1913 after years selling and racing other cars. His early cars were tested on a steep hill at Aston Clinton near Newport Pagnell.

Mr Price, 53, is a virtually lifelong Ford man, who first joined the company in 1964. Until transferring to Aston Martin he was best known for his role as project director for the Ford Mondeo. From the

end of March, under the Ford 2000 global restructuring programme, Aston Martin will have only a chief executive and managing director, who will report directly to Ford's large cars division in Detroit and Mr Jac Nasser, head of world automotive operations.

Mr Price's successor, with the new joint role of chief executive and managing director, is Mr Bob Dover, one of the leaders of the XK8 sports car project at Jaguar Cars, which is also Ford-owned. Mr Price was last night unavailable for comment.

Windfall tax was idea discarded by Treasury

By Our Industrial and Political Staffs

The opposition Labour party's proposal to apply its windfall profits tax to privatised utilities regulated by statute was the approach favoured by the Treasury when ministers considered the idea two years ago, it emerged yesterday.

Officials concluded that extending the levy to the privatised utilities regulated by statute would be the best way to avoid legal problems. This is the model being used by Labour in its draft windfall tax legislation.

However, the government eventually discarded the idea because of political opposition and difficulties in deciding how the liability of particular companies would be determined.

The disclosure that Labour's levy would in principle apply to a much wider group of companies than previously assumed was yesterday greeted with a mixture of anger and caution by those threatened.

Some groups condemned the plan as "confiscatory", whilst others said that they could live with the tax as long as the levels were not excessive. Many companies said they would respond only when they saw the detail of Labour's proposals

The opposition Labour party yesterday wrote to 1m homes in marginal constituencies giving details of a pledge by Mr Gordon Brown, its chief finance spokesman, that income tax rates would not be raised by a Labour government, David Wighton writes. The campaign is designed to counter claims in the Conservative party's latest party political broadcast that Labour would increase taxation to levels typical elsewhere in Europe.

Labour also hit back at the broadcast's warning that a Labour government would introduce European-style job market regulation. Mr Stephen Byers, the party's chief employment spokesman, said it would foster a "balanced and flexible" jobs market, a course between Conservative deregulation and European over-regulation.

and that talk of a legal challenge was premature.

Three groups - British Telecommunications, Associated British Ports and BAA, the airports company - said they still did not expect to be included in a windfall tax. BT said: "The Labour party has indicated that the windfall tax would fall on recently privatised utilities

which make excess profits. BT is neither a recently privatised utility nor does it make excess profits. At no point has the Labour party indicated that BT would be part of a windfall tax."

Sir Keith Stuart, chairman of Associated British Ports, Britain's largest ports group, said: "We have had no indication at all that Labour would even contemplate including us. We are not a monopoly, nor are we a utility. We face a lot of competition."

BAA said: "We remain of the view that we are not a utility and have not had a windfall." Among the power and water companies, which are resigned to being windfall tax targets, Wessex Water led a list of companies hitting out at Labour's plans. Mr Nick Hood, chairman, said: "As far as my shareholders, customers and staff are concerned the windfall tax is a bad idea. It is taking us back into the public sector through the back door and seizing profits."

The people who had made windfall profits - new issues "stags" and well-paid top executives - were already long gone, said Mr Hood. He declined to say whether he would consider legal action. However, Anglian Water said it might mount a legal challenge.



Former second world war detainee Evelyn Honywill, on the steps of the embassy. She was held in Footung, China

Protest at Japan embassy

A protest by former civilian internees and prisoners of war outside the Japanese Embassy in London yesterday won support from Japanese tourists as well as from other passers-by. Motorists passing the embassy booted in support Mr Daigo Seko, aged 60, who imports British goods into Japan, said: "This is justice. This is right. They deserve to be paid. I very well understand their case and what they are asking."

The former prisoners, who want a formal apology from Japan and compensation of £10,000 (£16,200) each, will take their case to a Tokyo court later this year.

Ethical funds 'are equal in returns'

By William Lewis Investment Correspondent

Funds which refuse to invest in companies involved in tobacco, alcohol, armaments and gambling achieve the same return on their UK equity investments as unconstrained funds, according to a new analysis.

WM, the UK's leading performance analysis consultancy, found that a group of ethically-managed charity funds, known as an ethical charity universe, achieved a 15.5 per cent return per annum on its UK equities between 1982 and 1995.

WM found that this was the same as the return achieved by a group of charity funds which did not place restrictions on the types of companies their fund managers invested in.

"This suggests that the exclusion of certain stocks did not appear to have a major impact on equity return," said Mr Alastair MacDougall of WM.

WM suggests that ethically-managed charity funds would achieve increased returns by reducing their stock selection and instead basing their UK equity holdings on an ethical index.

The FTSE All Share Index ex-civics, which excludes companies involved in tobacco, alcohol and gambling, but includes armaments, achieved annualised rolling three-year returns up to May 1996 which were on average 1 per cent per annum better than the FTSE All-Share index.

This outperformance was achieved at the expense of a 0.2 per cent increase in volatility, and is described by WM as a "risk worth taking".

Mr MacDougall said: "This, if sustained, would represent a good return to risk trade off."

WM's analysis states that the ex-civics index's outperformance can be partly explained by the stock selections made by funds in the ethical charity universe.

Weekend Investor, Second Section, Page 21

Skill loss feared as Irish lure workers

By John Murray Brown, in Dublin

A recruitment campaign aimed at luring Irish construction workers based in the UK back to the Republic of Ireland is raising fears of a skills shortage among British construction companies.

The Dublin-based Construction Industry Federation has set up a London telephone hotline, backed up by advertisements in Irish newspapers, to try to meet the growing demand for skilled labour in the Irish building trade.

The industry is trying to persuade 5,000 workers to return to Ireland, where the construction sector is growing at about 6 per cent a year in response to economic growth of around 7 per cent a year since 1994.

The federation is urging Irish workers in the UK to "come home to a job, to be near friends and family". It is also making a more hard-headed case: bricklayers in Dublin can earn £10.60 (£17) an hour, compared with £7.25 in London. Plasterers enjoy a similar advantage.

The Irish construction industry employs about 87,000 people - up from 74,000 four years ago. The federation forecasts employment of 85,000 next year - still small compared with the UK, where the industry employs about 1.4m people.

However, the Irish community in the UK has traditionally been well represented in trades such as bricklaying, scaffolding, and plastering, and there is some concern in the industry that a successful campaign by the Irish could persuade a significant number to return.

A spokesman for the UK Building Employers' Confederation said it believed that the Irish industry would not easily persuade large numbers of emigrants to return.

However, the official added that even a modest success with recruitment could create shortages at a time when the UK construction industry is forecast to grow by about 3 per cent a year for each of the next three years.

UK NEWS DIGEST

Warning from senior doctors

London's medical industry, including the renowned Harley Street market, could be jeopardised if the government continues to starve the capital's teaching hospitals of investment, the heads of London University's medical schools have warned.

A report commissioned by London's top doctors identifies three threats to London's position as a "medical powerhouse". They are: reforms in the state health service, the government's 50 per cent cut in universities' research equipment fund and a freeze on medical student numbers.

The 11 medical schools attract over 35,500 students, who bring in about £225m (£86.5m) to the local economy. The schools employ around 13,000 academics and support staff, who are given £17m in research grants.

This concentration of medical excellence has created London's huge medical industry. The private healthcare industry, centred around Harley Street, is worth about £787m, which rises to more than £1bn when additional spending by private patients and their families is taken into account.

Simon Targett

MORGAN GRENFELL

Deal seen as vote of confidence

Morgan Grenfell Asset Management has won a new pension fund mandate in spite of last month's controversy about the departure of Ms Nicola Horlick, one of its star fund managers.

MGAM confirmed yesterday that the London Borough of Greenwich had awarded it a £170m (£275.4m) discretionary balanced brief. MGAM said that the new mandate showed that contrary to expectations, it had not been hit by a loss of confidence by clients.

In October MGAM asked five managers including Mr Keith Percy, its former chief executive, to resign after discovering a deception by Mr Peter Young. It also faces a fine of more than £1m by Inro, a City investment watchdog, later this year.

Nevertheless, on the back of strong investment performance by MGAM in 1996 there are relatively few signs of clients moving to sack MGAM.

William Lewis

SCOTLAND

Plan to revive coast-to-coast canal

A plan to restore 110km of canal across the central belt of Scotland was given the go-ahead yesterday with the award of £32m (£51.8m) of Millennium Commission funds towards the £78m project.

The Millennium Link scheme involves reviving the Forth and Clyde canal and the Union canal to provide navigation for pleasure boats between Clydebank, west of Glasgow, and Edinburgh. This would restore a connection severed more than 60 years ago.

Consultants have estimated that the canal would attract 2.5m day visitors each year and 500 yachts and cruisers would use it to cross from coast to coast. The centrepiece of the project will be a revolving boat lift 25m wide which will transfer narrow boats between the two canals at Falkirk, the town roughly equidistant from Glasgow and Edinburgh.

Charles Batchelor

CHANNEL ISLANDS

Rate movements affect deposits

Strong movements in exchange rates, especially the recent strength of sterling, have affected the value of deposits held in Channel Island banks, which stood at a total of £133bn (£215.5bn) at the end of 1996.

About two thirds of the funds on deposit in Jersey and Guernsey are in currencies other than sterling, which last year fell by 9 per cent against sterling.

Jersey bank deposits grew by 1.4 per cent during 1996 to £88.6bn while those in Guernsey fell by 7.5 per cent to £43.3bn.

Philip Jeanne

Editorial comment, Page 8

NORTHERN IRELAND

Soldier shot with 'super rifle'

The British soldier killed at a checkpoint in Northern Ireland on Wednesday was shot at long range by a sniper using a high velocity weapon. Assistant Chief Constable Freddie Hall, one of the most senior members of the region's police force, said yesterday.

Security sources said it was believed Lance Bombardier Stephen Restorick was the 12th victim of a sniper using a highly powered weapon such as the US-made Barrett Light 50 rifle with which the Irish Republican Army shot many policemen and British soldiers in Northern Ireland before its 1994 ceasefire.

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Notes: compound on offshore building society interest minus amounts. Deposits made with the office of Woolwich Guernsey Limited are not covered by the Deposit Protection Scheme under the UK Banking Act 1985. Woolwich Building Society has given a special commission to Woolwich Guernsey Limited to act as its agent in the Channel Islands. Woolwich Guernsey Limited is a subsidiary of Woolwich Building Society. The commissioning has been given for a five year period and will come to an end on 10th June 2001 (although it may be extended after that date). The commissioning may terminate before that date if Woolwich Building Society no longer has a controlling interest in Woolwich Guernsey Limited or if the latter is given a similar commission to act as its agent in the Channel Islands. Woolwich Guernsey Limited is a subsidiary of Woolwich Building Society. 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Battle looms over Telefonica tranche

By Tom Burns in Madrid

As the offer period for the Ptas600bn (\$4.2bn) privatisation of Telefonica closed last night it was clear that a battle was looming over the green-shoe or over-allotment tranche in the disposal of Spain's telecoms operator.

Although the green-shoe split in global issues is normally weighted towards international institutions to stabilise the after-market, a combination of strong domestic demand and of political considerations could route the majority of the 20.5m over-allotment shares - representing 12 per cent of the

total offer - towards Spain.

Such an unorthodox move could cause problems among members of the institutional syndicate who are anxious to please their clients among the international fund community.

Despite an increase from 50 per cent to 60 per cent in the share of the privatisation reserved for small domestic investors, the retail tranche was more than seven times oversubscribed. Strong oversubscription was also reported among domestic institutions which have been reserved 8 per cent of the disposal.

The problem facing the global

co-ordinators of the placement - Morgan Stanley of the US and the big Spanish banks, Banco Bilbao Vizcaya, Argentaria and La Caixa - is that the momentum was gathering pace among international institutions for Telefonica shares as the book-building period approached completion.

Unusually for big issues, orders for Telefonica shares from outside Spain were made even before the international roadshows commenced two weeks ago. With the international tranche already oversubscribed, a rush of orders was expected from quality institutions just before the offer closed.

The demand from international institutions is likely to be exceptionally over-subscribed, in part because the tranche available to them has been whittled down. In order to raise the number of shares available to small Spanish investors, the international institutions' tranche was reduced from 42 per cent to 32 per cent.

But analysts said the timing of the Telefonica issue - as the Dow-Jones broke through the 7,000 level and as US funds were flushed with liquidity - had also fuelled international demand.

Mr Juan Villalonga, Telefonica chairman, has indicated he would

like as much as 75 per cent of the disposal placed in Spain. He is particularly anxious to have as many shareholders as possible in order to ensure client loyalty when the Spanish telecoms market is opened to foreign operators next year.

The centre-right Popular party government is also backing a large domestic placement because the disposal of the final 21 per cent stake owned by the state is viewed as ushering in people's capitalism.

In order to lift the domestic share of the disposal to 75 per cent, the bulk of the green-shoe tranche will have to be routed towards Spain.

Apple pins hopes on new range of PCs

By Louise Kehoe in San Francisco

Apple Computer will launch a range of new Macintosh personal computers on Monday as the company struggles to reverse a steep drop in sales and heavy losses.

The success of the latest Macintosh crop is critical for Apple. Mr Gil Amelio, chairman and chief executive, has said the company would return to profitability by the fourth quarter ending in September. To achieve that goal, however, Apple must at least slow the rate at which its sales are sinking.

Revenues dropped 32 per cent in the first quarter ended in December, to \$2.1bn, against \$3.1bn in the same period a year earlier.

Sales growth may be too much to hope for. In its latest filing with the Securities and Exchange Commission, Apple said it expected quarterly sales to fall from year-ago periods "at least through the fourth quarter of 1997, if not longer".

With its new products, Apple is targeting market segments where it retains a strong following including publishing, education and mobile computing. It is also taking another stab at the corporate computing market.

The highlight of Monday's product introductions will be the PowerBook 3400, "the fastest notebook computer in the world", Apple claims. It is designed for use by

"mobile professionals" who make elaborate multimedia presentations to customers while travelling.

However, prices for the new PowerBooks, at \$4,500 to \$6,500, are significantly higher than most lap-top computers.

For the publishing and corporate markets, Apple will offer new desktop computers with higher performance than current models and a lower-cost model that will sell in the US for \$1,700.

Apple will also introduce a digital camera for "personal publishing". "Our objective is to continue to dominate the publishing area," where the company claims an 80 per cent market share, said Mr Marco Landi, executive vice-president.

Apple will announce new low-cost desktop computers for use in schools and a portable computer for students. The Emate 300, with built-in software, will sell to schools in the US for about \$700.

Apple, however, continues to face serious problems. Yesterday the company confirmed that three senior executives who had been in charge of worldwide marketing, worldwide sales, and development of its core Power Macintosh product line, had resigned.

These departures follow the resignation earlier this week of Ms Heidi Roizen, hired last year to improve Apple's relations with software developers.

Calvin Klein in watch venture

By Alice Rawsthorn

Calvin Klein, the New York fashion house, is expanding its licensing activities into watches by forming a joint venture with SMH, the world's largest watchmaker.

The deal, which forms part of Calvin Klein's ongoing strategy of restructuring its licensing arrangements, will yield two watch collections. One will be branded as Calvin Klein, and the other as the less expensive CK Calvin Klein accessories line.

The watches, the first to be introduced by the designer, will be sold in his flagship fashion stores and CK boutiques, as well as in the department stores and jewellers that stock SMH's vice-president.

For SMH, best known for its Swatch watch brand, the Calvin Klein deal offers an entrée into the more expensive end of the fashion watch market. SMH's other ranges are chiefly traditional watch brands such as Tissot, Omega and Longines.

The Calvin Klein and CK watches will be made by SMH. The Swiss group is setting up a special subsidiary, called CK Watches, in which Calvin Klein will have a 10 per cent stake.

After the SMH deal, Calvin Klein is continuing the process of restructuring its licensing arrangements. In the past it tended to sell licensing rights for specific prod-



Kate Moss models the Calvin Klein spring collection

ucts on a country by country basis. It is now consolidating its activities by clinching long-term deals, often involving equity participation, with regional partners.

In the past two years Calvin Klein has clinched long-term deals with two Italian companies: with Fratini for jeans, everywhere but North and South Amer-

ica, and with Stefanel, for CK clothing outside the US.

Calvin Klein has also negotiated new retailing arrangements. Club 21, the Hong Kong-based group, is its retailing partner in Asia, except for Korea and Japan. It is now in talks with prospective retail partners in various European countries.

Colonial Mutual in \$163m stake buy

By Nikki Tait in Sydney and Louise Lucas in Hong Kong

Colonial Mutual, the Australian financial services group, yesterday agreed to buy the 50 per cent stake in the Jardine-CM Life joint venture that it does not already own from Jardine Matheson, the Hong Kong conglomerate, for US\$163m.

The sale sees Colonial tighten its grip on Asia, one of the insurance sector's fastest growing markets, and allows Jardine Pacific, the trading and services arm of Jardine Matheson, to turn what has been a loss-making activity into a net one-off profit of US\$130m.

Colonial is considering funding the deal through a capital raising at the time of its planned initial public offering later this year. Mr Peter Smalley, Colonial's group managing director, said that while equity raising was his preferred method, other options would be considered.

Mr Smalley said he would expect last year's results to show that a 20 per cent slice of premium income was now coming from the Asian region.

He said that while, under Jardine's accounting methods, the joint venture incurred losses, Colonial had seen a compound growth in the business over the last five years of just under 20 per cent.

INTERNATIONAL NEWS DIGEST

RTZ at impasse in talks on mine

RTZ-CRA, the London-based mining group, has failed to reach a negotiated settlement with local Aboriginal groups in northern Queensland, which would have allowed the Century mine development to go ahead, worth A\$1.1bn (US\$644m) and potentially the world's largest zinc mine.

Under the negotiation processes set down in Australia's controversial native title legislation, the various parties had until midnight on Thursday to strike a deal, after which the matter would go to arbitration. But day-long meetings between Aboriginal claimants, RTZ-CRA and the Queensland state government's negotiating team failed to secure signatures from the majority of the claimants' representatives. The mining company was thought to be offering a compensation package worth about A\$60m.

RTZ-CRA made no immediate comment on the lack of agreement, while the Aboriginal claimants were due to reconvene today. RTZ-CRA has agreed to sell the mine to Pasminco, the Australian base metals group and Century's biggest potential customer, for A\$450m. But the sale depends on native title issues being resolved. Nikki Tait, Sydney

SE-Banken profits leap 86%

Skandinaviska Enskilda Banken, the Swedish bank, reported an 86 per cent leap in full-year profits, driven by declining loan losses. Pre-tax profits increased from SKr2.5bn to SKr4.7bn (\$634m), while revenues rose 4 per cent to SKr17.8bn.

The improvement was largely due to a SKr2.7bn loss in 1995 linked to a failed financial investment group. Operating profits before lending losses fell from SKr7.5bn to SKr7.2bn. Mr Björn Svedberg, chief executive, said the bank was not seeking a partner following its recent withdrawal from merger negotiations with Nordbanken, its state-owned Swedish rival. Greg McIner, Stockholm

Skandia prepares to list AFS

Skandia, Sweden's biggest insurer, is to improve accounting transparency at its international AFS life and savings unit to prepare it for flotation in two to three years' time. Mr Jan Caren, managing director of the AFS division, said the aim was to publish separate accounts for AFS. In the event of a flotation, he favoured listing in New York rather than in Stockholm. A large proportion of AFS's operations are in the US. Skandia said it may list AFS within two or three years. Greg McIner

Dresdner rating under review

Dresdner Bank, Germany's second-largest bank, has been put on review by Moody's Investors Services, the international rating agency, for possible downgrading of its triple-A senior debt rating. Moody's said the review was based on the "changing dynamics" of German banking: tighter competition, narrower lending yields, flatter loan demand and higher funding costs.

Dresdner said it took a similar view of the competitive situation, but saw more opportunities than risks. It expressed surprise at the timing of Moody's decision, since its preliminary results for 1996 will be announced on Thursday.

Moody's has already downgraded Deutsche Bank, the biggest German bank, to Aa1, thus further reducing the small number of banks with triple-A ratings. Andrew Fisher, Frankfurt

Energy boosts Viag profits

Viag, the Munich-based industrial group, yesterday said operating income increased from DM2.1bn to DM2.4bn (\$1.4bn) in 1996. The rise was driven primarily by the group's energy division but also by Schmalbach-Lubeca, its packaging operation.

Viag predicted sales would continue to advance this year and that, in spite of "unavoidable start-up losses" in its new telecommunications activities, the group would produce "strong earnings". Viag and its partner, British Telecommunications, were earlier this month awarded Germany's fourth mobile digital telephone licence. Ralph Atkins, Bonn

Axa-UAP revenues at FF331bn

Axa-UAP, the French insurer, said 1996 consolidated revenues on a pro-forma basis totalled FF331.3bn (\$58.2bn). The company, which was the result of a merger between Axa and UAP in late 1996, said Axa consolidated revenues rose 28.1 per cent, mainly due to the full-year consolidation of National Mutual, the Australian life office, while UAP revenues fell 2.9 per cent, largely because of the break-up of reinsurer Scor and of two German subsidiaries. AP-DJ, Paris

HK media group slips

South China Morning Post (Holdings), publisher of Hong Kong's leading English language daily, yesterday reported an 11.12 per cent drop in interim net profits to HK\$79.52m (US\$48.9m).

Stripping out the exceptional gain in 1995 of \$180.98m from the sale of the company's old headquarters, profits were up 54.3 per cent, the company said. Of this growth, 32 percentage points were attributable to newspaper operations, and 22.3 percentage points to TVE, a property and media group SCMP bought last year. Louise Lucas, Hong Kong

J Fairfax down at half-year

John Fairfax, the Australian newspaper publisher, reported a fall in after-tax profits to A\$47m (\$36m) in the six months to end-December, because of higher interest and depreciation charges. This compared with A\$62.4m in the same period a year earlier.

Sales in the period were slightly lower at A\$511.6m, compared with A\$514.4m a year earlier. Higher advertising yields were offset by lower advertising volumes. Interest charges were A\$36.4m, up from A\$20.3m, and depreciation charges were A\$31.8m, up from A\$19.7m. Earnings per share were 5.9 cents, down from 7.94 cents previously. Nikki Tait

Volvo sells Pripis Ringnes stake

By Greg Molvor in Stockholm

Volvo, the Swedish car and truck maker, has agreed to sell to Orkla, the Norwegian conglomerate, its 45 per cent interest in Pripis Ringnes, a beverages group jointly owned by the two companies.

The SKr4.7bn (\$634m) sale is part of Volvo's ongoing strategy to sell all non-vehicle holdings and concentrate on core automotive operations. It has raised about SKr40bn from disposals since 1994, leaving it with net cash of nearly SKr20bn.

Orkla, whose interests range from food and consumer products to chemicals

and media, said that taking over Pripis Ringnes would strengthen its branded products business in the Nordic region and eastern Europe.

Pripis Ringnes was formed in 1995 by the merger of Volvo-owned Pripis and Orkla-owned Ringnes. It yesterday reported annual profits of SKr579m to SKr700m. Its net sales rose from SKr7.37bn to SKr7.5bn.

The deal pleased Orkla investors and the shares surged NKr28.50 to NKr597, a leap of more than 5 per cent. The increase also followed an improvement in Orkla's full-year profits from NKr1.9bn to NKr2.4bn - broadly in line with analysts' expectations.

Mr Sten Gyll, Volvo chief executive, said a direct sale of the Pripis Ringnes interest to Orkla had been preferred to an offer for sale linked to a public listing.

Volvo said it would make a capital gain of SKr3bn from the deal, once payment was complete in December. Its most-traded B-shares eased SKr1.50 to SKr178.

Mr Björn Næser, Orkla chief financial officer, said the purchase would be financed mainly by debt, and also from internal cash flow. He said the consolidation of Pripis Ringnes within Orkla would bolster the development of the unit's key Norwegian, Swedish and east European markets.

Pripis Ringnes holds a 50 per cent stake in Baltic Beverages Holding, a joint venture with Hartwell, the Finnish brewers. Operations are centred on Russia, where it has built a 15 per cent share of the beer market.

In Sweden and Norway, Pripis Ringnes controls between 41 per cent and 80 per cent of the mineral water, beer and soft drinks markets. However, one-third of total volume will be lost in 1997 and 1998 when the company's licence to produce, distribute and market Coca-Cola products in the region expires. Pripis Ringnes's strategy is to develop its own brands in an attempt to plug the gap.

Renault warns of deeper losses

By David Owen in Paris

Renault, the French automotive group, yesterday warned that 1996 results would be even worse than expected.

The company said the full-year operating loss it will report next month would be "considerably higher than that generally anticipated by the financial markets".

It said its new commercial policy launched last October, which seeks to offer customers better value for money, had not lifted market share as much as targeted.

The shares lost ground sharply on the virtually static Paris market, falling FF7.50, or 5.8 per cent, to FF122.50.

The consensus among analysts was that the operating loss in Renault's car division would now be about FF33bn (\$527m), up from closer to FF22bn previously expected. The overall operating loss was likely to exceed FF22bn. The operating loss for the first half, reported last September, was FF225m, against operating income of FF1.52bn in the first half of 1995. The first-half 1996 figure had slipped into a FF911m operating loss at the car division, offset by operating profits of FF28m from commercial vehicles and FF660m from finance.

Market conditions at the start of the new year have been testing: January new car sales in France fell by a third from year-earlier levels, in a trend linked to the ending of government purchase incentives.

The company said 1996 revenues were stable at FF184.1bn. The bulk of this was generated by the car division, with revenues ahead 2.3 per cent to FF146bn.

Revenues from commercial vehicles fell 9.5 per cent to FF30bn, and from the finance unit by 4.9 per cent to FF18.1bn.

It attributed the downturn in commercial vehicles primarily to a steep drop in US billings and to price wars.

cuts would be distributed.

The company suspended its shares after announcing the recall. They later closed 25 cents down at A\$8.50.

Mr Chris Roberts, Arnotts managing director, said the cost of doing business "in millions of dollars" but declined to be more specific.

The biscuit company revealed that after-tax profits in the six months to January 24 were just A\$8.5m (US\$6.5m), compared with A\$38.7m in the first half of 1995-96.

On a like-for-like basis, sales were 1.4 per cent higher, at A\$48.5m.

The profits fall was partly due to a A\$24.7m abnormal charge for restructuring. Even before abnormal, profits were 14.2 per cent lower at A\$33.2m.

Dailywin warns of dividend cut

By David Blackwell

Shares in Dailywin Group fell 84 per cent yesterday as the Hong Kong-based watchmaker warned of lower second-half profits and a dividend cut.

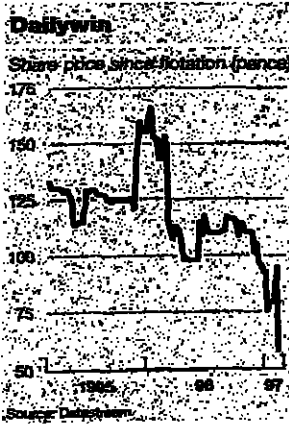
The shares closed in London at 58 1/2p - less than half the 129p flotation price in March 1995.

Yesterday's trading statement said that several customers which had placed firm orders for delivery in the first quarter had asked to defer delivery until the next financial year, starting in April. Consequently profits in the second half would be below those achieved at the interim stage.

The final dividend was not expected to be less than 1p a share, which would give a total for the year to March 31 of not less than 4p. Last year the total payment was 7.5p.

In December the group reported an 18 per cent fall in interim profits to \$1m, blaming competition in the world watch market. But Mr Eddie Leung, chairman, said he was hopeful of a second-half recovery after operational improvements.

Earlier this month Timex,



which now has a 5.78 per cent stake, took up an option on 100,000 shares at 128p, a 61 per cent premium to the price. This was part of an option on 2.25m shares at the same price, which has been extended for 18 months. Dailywin makes watches sold under several brand names, including Sekonda, Accurist and Casio, and has the world rights for Timex watch movements.

It had difficulties coming to market in 1995, postponing its impact day twice before the actual flotation. A year later it warned of disappointing sales, knocking the shares back to 117p.

Contract delays hit Cedardata

By Paul Taylor

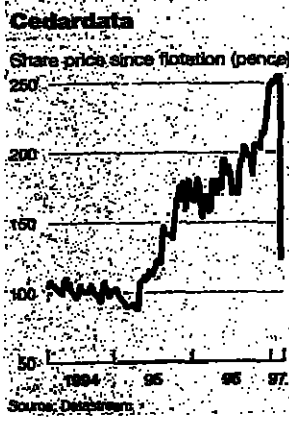
Cedardata, which supplies financial, accounting and commercial computer software, yesterday warned of sharply lower annual profits, blaming the Private Finance Initiative for delays to a number of public-sector contracts.

The UK company, where sales have traditionally been weighted towards the second half, warned that results for the year to March 31 were likely to be "considerably below market expectations".

Following the statement, and a sharply downgraded full-year forecast from Greig Middleton, the house broker, the shares lost 139p to close at 262 1/2p.

Greig Middleton, which had pencilled in pre-tax profits of \$5.2m and earnings of 11.5p, cut its forecast to \$1m or 2.1p a share. Last year Cedardata reported pre-tax profits of \$4.4m and paid a total dividend of 4p.

Cedardata said the PFI had introduced a new level of "red tape" and meant contracts normally signed in the final quarter of its financial year had been delayed. The company, which had



expected to receive contracts worth about \$5m in the quarter, had booked only \$600,000 of sales. The company also said that pricing in the National Health Service, one of its main markets, had become more competitive. Profitability had also been hit by an increase in overheads as the group had taken on extra staff to cope with expected new business.

Despite the gloomy profits outlook, analysts privately suggested that the company was being "overly pessimistic" in order to ensure that it did not have to issue another profits warning.

Will Lynch
tal Markets
k Limited

COMPANIES AND FINANCE: UK

Warning of increased pressure from 'fleet of foot' competitors like Tesco, Virgin and M&S

Lloyds TSB surges 52% to £2.51bn

By George Graham, Banking Correspondent

Lloyds TSB, the largest UK retail banking group, warned yesterday that it faced increased pressure on margins from new competitors such as Tesco and Virgin, as it reported a sharp rise in pre-tax profits to £2.51bn. This was 52 per cent ahead of the £1.65bn last time.

But Mr Peter Ellwood, the group's new chief executive, said he believed Lloyds TSB could continue to do larger volumes of business with its customers.

"The secret for the future is to

make sure that volume continues to grow. We can control the volume much more than we can control the margin, because the likes of Tesco, Virgin and Marks and Spencer will focus on single products and bring down margins," he said.

"They frighten me more than the bigger traditional banks because they have got super brands and they are fleet of foot," Mr Ellwood added.

Last year, in its first full 12 months since Lloyds Bank, TSB and Cheltenham & Gloucester came together to form the present group, Lloyds TSB delivered a post-

tax return on equity of 33 per cent. Comparisons are difficult because of a £425m restructuring provision taken in 1995 to cover the costs of merging Lloyds with TSB, and a further £75m charge in 1996 for the costs of integrating Lloyds Abbey Life.

Excluding these charges, pre-tax profit from ongoing businesses rose 36 per cent to £2.49bn.

Despite a drop in net interest margin from 3.34 to 3.21 per cent, net interest income rose 11 per cent to £3.84bn, with other income rising 4 per cent to £2.86bn. Operating expenses, however, totalled £3.78bn, a drop of 3 per cent from

1995 if the costs of restructuring at Cheltenham & Gloucester are excluded.

Specific charges for bad debts fell from £450m, or 0.8 per cent of average lending, to £357m, or 0.4 per cent of average lending.

At the end of the year Lloyds TSB held a total of £2.55bn of provisions to meet possible future loan losses, but non-performing loans amounted to only £2.51bn, or 2.8 per cent of total lending.

"The quality of assets has improved. In a group this size, to take provisions down from 60 basis points to 40 basis points of lending is quite a feat," Mr Ellwood said.

Sir Brian Pittman, Mr Ellwood's predecessor as chief executive and now group chairman, said banks were helped by continuing low inflation and their shares should now trade at a higher multiple of earnings than in the past.

But he dismissed suggestions that the banks' current levels of profitability ought to put them in the firing line for the Labour Party's proposed windfall tax.

"No windfall, no tax," he said. Earnings per share from ongoing businesses rose from 21.3p to 31.3p, and board is recommending a final dividend of 9p, making 13.2p for the year.

Williams makes agreed bid for Chubb

By Jane Martinson

Shares in Williams, the diversified industrial group, fell 11 per cent yesterday as it unveiled a £1.25bn recommended cash and shares offer for Chubb Security, the alarms and locks group.

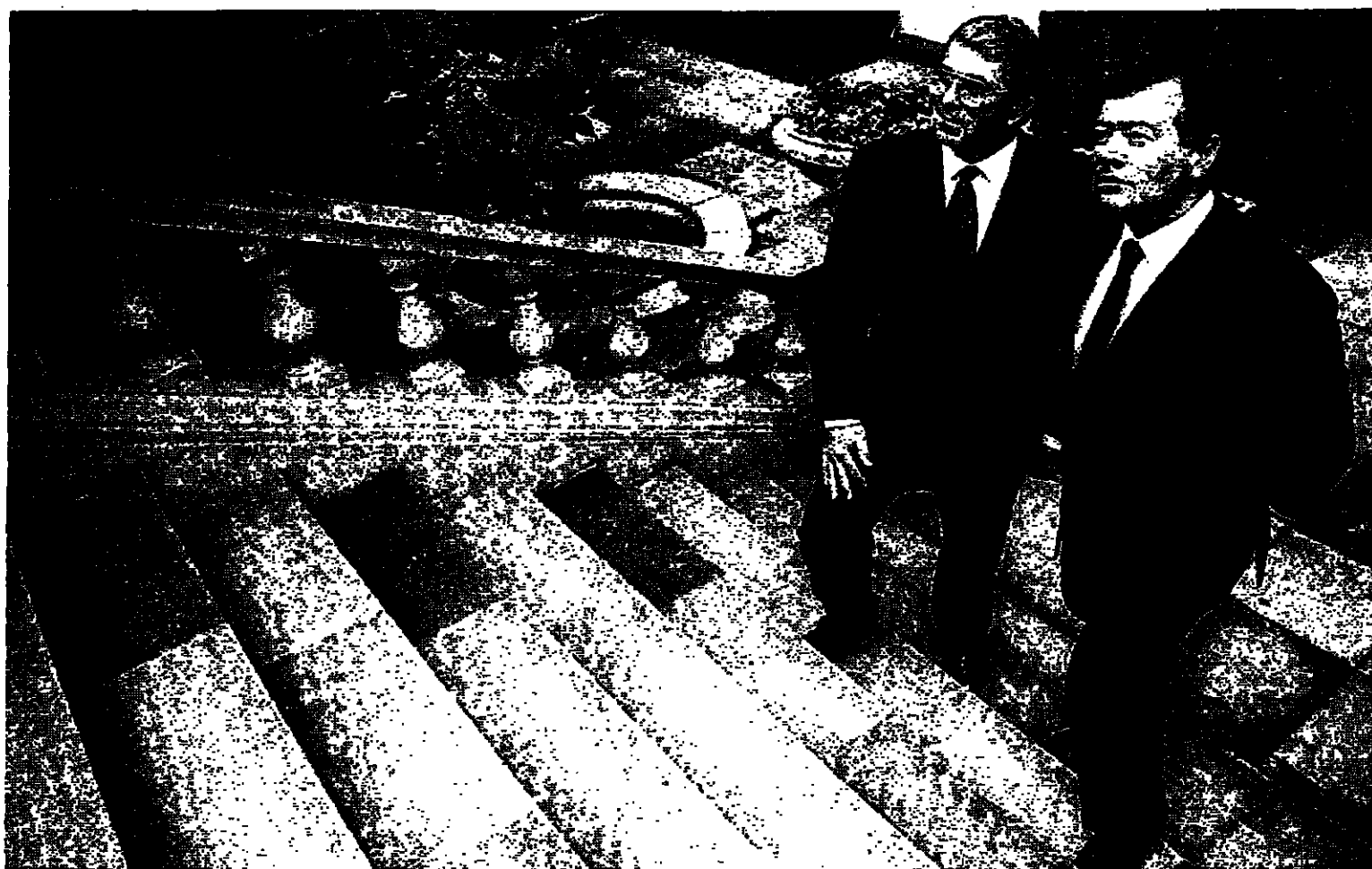
Analysts said the 374p share price fell to 3004p reflected doubts over the price paid, disappointment over the share issue and surprise over an apparent reversal of a strategy which eschewed large acquisitions.

One broker said: "There are some very large institutions which are furious about this deal." Another said that, although the merger was a good strategic fit, it was "perceived as a complete volte-face".

The group's largest takeover to date will make it the biggest manufacturer of fire protection and security equipment in the world.

Chubb's shares rose 4 1/2p to 426 1/2p. The offer of two new Williams shares and 794.12p in cash for every three Chubb shares values each one at 435p, below the 450p originally agreed.

The merger is likely to need clearance from the Office of Fair Trading as it combines two of the largest manufacturers of locks and fire protection equipment in the UK. Their combined share of the UK locks market was estimated at more than 70 per cent in 1994.



Stepping up: Sir Nigel Rudd, Williams chairman (pictured, right, with Roger Carr) was sanguine about the market reaction to the Chubb bid

Sir Nigel Rudd, Williams' chairman, was sanguine about the market reaction to the deal as "a milestone in the development of Williams" which "underlined its strategic focus". The group is planning to drop "Holdings" from its name. The deal will be "modestly" earnings-diluting in the first year with "significant" enhancement in two years' time.

He described the effect on the market as "an issue but not an insurmountable problem". He added: "We are very confident that we will be able to reach a very fair and reasonable agreement with the OFT."

Analysts suggested that

the group would need to give up some brands or companies to comply with the competition authorities.

A central argument will be the increasingly global nature of the consolidating security market. Mr Roger Carr, Williams' chief executive, said: "It isn't possible to look at England and say: 'We know Chubb and Yale, that must be dominant.' It isn't like that any more."

Williams said that the combined total UK lock businesses of the two groups totalled some £100m, out of

an estimated total of £2.7bn a year in 1996.

Sir Nigel described the deal as "a milestone in the development of Williams" which "underlined its strategic focus". The group is planning to drop "Holdings" from its name. The deal will be "modestly" earnings-diluting in the first year with "significant" enhancement in two years' time.

Cost savings, performance improvements and profits on additional sales are expected to contribute £40m a year by the end of 1998. Reorganisa-

tion costs will be £30m.

Chubb's directors will be leaving the group after the merger is completed.

Sir Ernest Harrison, Chubb's chairman, who thwarted Williams' in its 1991 bid for the company, is set to gain about £7.4m from his 1.7m shares. Williams said yesterday that they would honour any contract and share option obligations of the other directors.

The cash half of the deal will be financed from debt, leaving borrowings at £910m and interest cover at almost

six times.

Williams forecast that profits before tax and exceptional items would rise 11 per cent to £243m in 1996, in line with expectations. The disposal of its electronics and UK building products businesses will contribute an exceptional profit of £97m. It expects to recommend a final dividend of 9.25p giving a total of 15.06p, up 5.6 per cent.

Chubb was advised by Rothschilds and Goldman Sachs; Williams by Schroders.

Asda gets the hard shoulder

But it may plan to make service stations a more Welcome Break

Asda has a habit of defying the sceptics, but this time the revived supermarket group may find the task a bit more difficult. Investors appear unimpressed by it bidding £400m for Welcome Break, the motorway service areas being auctioned by Granada.

Mr Tony MacNee, NatWest analyst, argued yesterday that such a deal would destroy shareholder value.

"If Asda pays £400m for £35m in operating profits," NatWest says, "the deal would be earnings neutral." And after one year, even on the most optimistic assumptions, Asda would at best get a return on investment of some 10 per cent - 6 percentage points lower than its publicly stated returns for new superstore investment.

"Overall, given the potential for Asda to destroy shareholder value through this deal, we remain very weak holders," the broker argues.

The basic problem is that investors do not see where Asda can add value to the 21 motorway service areas. Tesco, the UK's leading food retailer, is understood to have come to that conclusion several months ago.

Even if Asda disagrees with Tesco, putting its 50,000 sq ft hypermarkets on the service areas is out of the question. The Department of

Transport said yesterday the threat of congestion meant the areas could not become destinations in their own right. "They are strictly to be en route facilities," the DoT said. Nor would Asda be allowed to introduce access roads to ease the congestion.

But Asda still has its believers. The management team that transformed a business on the verge of collapse into one of Britain's largest food retailers cannot be bidding lightly, say some

'Perhaps motorway service areas are under-exploited retail opportunities. They are always busy and trade 24 hours a day'

analysts. "They must have a plan up their sleeves," said one, "and I will be fascinated to see what they will be doing."

Certainly, finance will not be a problem. Gearing is forecast to be 18 per cent by the end of April. The acquisition would increase this to about 35-40 per cent - not onerous for a highly cash generative business.

There are others who believe Asda may be positioning itself to exploit an undiscovered niche. "Perhaps motorway service areas

are under-exploited retail opportunities," says Mr Robert Clark of analysts Corporate Intelligence on Retailing. "They are always busy and trade 24 hours a day."

Motorway service areas used to be places of last resort where drivers stopped for petrol and to go to the toilet. But they have become big retail businesses in their own right with chemists, foreign exchange bureaux, shops, cafes and even amusement arcades. Increasing the

variety of services and attracting well-known brands - such as Burger King on Granada's sites - encourages people to spend more.

"People think they may become the shopping malls of the future," said one leisure analyst. "If you can attract motorists to the site with cheap petrol, you then have a captive audience."

Granada's motorway service areas were the most profitable part of its restaurants division last year, contributing £68.1m of profits.

So perhaps Asda plans to take advantage of the trend towards concession shopping in service areas. With the strength of its core retail chain in CDs, books, magazines, housewares, clothing, not to mention food, Asda could expand the ranges on offer to motorway travellers. Clothing could be a key reason for the bid. The company has made no secret of the fact that it hopes to overtake Burton as Britain's second largest clothing retailer with its rapidly-growing George range.

Asda yesterday would say nothing. But if it does not win, it knows it needs to signal the next stage of its growth. The recovery programme is coming to an end and higher sales growth from revamped stores will also be slowing. "The market is rightly beginning to ask questions about them strategically going forward," said one analyst.

"They need to make a decision about whether to think about handing cash back to shareholders or making an acquisition. And while I would prefer an acquisition, I am not sure Welcome Break is the right one."

Peggy Hollinger and Scheerazade Daneshkhu

Grosvenor up 25% but shares drop sharply

By David Blackwell

Shares in Grosvenor Inns, operator of the Slug and Lettuce chain, fell sharply yesterday despite a 25 per cent rise in interim pre-tax profits from £893,000 to £1.1m.

Analysts cut forecasts for the full year from £2.7m to £2.3m, mainly because capital expenditure is set to rise from £889,000 in the first half to £3.5m in the second half, but there will be no contribution to profits from new Slug and Lettuce openings.

The shares closed 17 1/2p lower at 208p. Last month the share price rose from 168 1/2p to 222 1/2p in a week, but fell back after the group denied receiving any approaches that might lead to an offer.

Mr Gary Pettet, managing director, said the Slug and Lettuce chain of 15 pubs now accounted for almost 60 per cent of profits: "Slug and Lettuce is the future, and that's what we are going to concentrate on."

The group plans to open seven further outlets by the end of this year and another early in 1998. Plans are well advanced on a further 16. It has sold its three Bar Central restaurants in London for £2m to Queens Ice, a new leisure company.

Sales in the six months to November 30 were 36 per cent higher at £11.8m (£8.7m). Earnings rose from 4.87p to 5.69p, from which an interim dividend of 3.025p (2.75p) will be paid.

Administrators at Anglo Corporation

By Paul Taylor

Administrators were appointed yesterday to Anglo Corporation, the private computer retail group which trades under the Silica name and is run by Mr David Gosling, the son of Sir Donald Gosling, co-founder of National Parking Corporation.

Mr Tim Harris and Mr Chris Hughes of Coopers & Lybrand were appointed administrators with Escam UK's receiver for a number of weeks and was able to pick the best Escam sites in time for the pre-Christmas sales rush.

While pre-Christmas PC sales in the UK were much stronger than in many other parts of Europe, they failed to meet retailers' expectations.

Tidy, began building their computer retail chain two years ago by injecting money into Silica Systems, an ailing 15-year-old business with stores in London's Tottenham Court Road and outlets in several branches of the Debenhams department store chain.

In September Anglo acquired 19 former Escam high street stores from Deloitte Touche. Anglo had negotiated with Escam UK's receiver for a number of weeks and was able to pick the best Escam sites in time for the pre-Christmas sales rush.

While pre-Christmas PC sales in the UK were much stronger than in many other parts of Europe, they failed to meet retailers' expectations.

NEWS DIGEST

Eurotunnel fire cut sales £52m

The fire in its tunnel cost Eurotunnel at least £52m in sales, figures revealed by the company suggested yesterday.

Turnover in the final quarter fell by £52m from £138.4m in the preceding quarter to £86.9m and by £27m from £112.8m in the final 1995 quarter. However, despite the end of year setback, turnover for 1996 as a whole was £448m, in line with forecasts of £450m made before the fire.

The turnover numbers do not include insurance payments for operational losses which Eurotunnel puts at £24m. Repair work aimed at reopening the damaged section of the tunnel is on target and Eurotunnel expects to meet its deadline of May to resume a full service of Eurostar trains, long distance freight, passenger and freight shuttles.

Freight shuttles are currently suspended while an investigation is carried out into the causes of the fire, but Eurotunnel has said it hopes to resume a limited freight shuttle service in April.

Charles Batchelor

Hostile bid for Pilot

Undervalued Assets Trust, run by Mr Colin Maclean, the high profile fund manager, yesterday launched a £46.7m hostile bid for Pilot Investment Trust. Pilot, a smaller companies trust with a poor performance track record, said it had "no hesitation" in rejecting the bid.

Pilot's shareholders are unlikely to accept the bid as it stands, according to analysts, one of whom dubbed it a "cheeky sighting shot". Other bidders could now come into the frame and Pilot may be forced to offer shareholders a cash exit by partially or wholly liquidating the trust, currently trading at a wide 15 per cent discount to its assets.

The offer is unusual, being both all-paper and valuing the shares, at 122.5p each, at much less than their 141.5p asset value. Neither aspect is likely to appeal to shareholders. There is also a £1.15m cash offer for the Pilot warrants.

Joan Eaglesham

GKN ruling deferred

A US federal judge yesterday deferred ruling on a \$740m (£457m) damages claim against GKN, the UK engineering group.

Judge Robert Potter, sitting in the western district court of North Carolina, is expected to enter a judgment early next week on the level of damages against GKN and Melneke Discount Mufflers, its specialist exhaust retailer.

A jury last December awarded £196.8m in compensation and £150m in punitive damages to Melneke franchisees, who claimed GKN and its subsidiary had defrauded them of payments that should have been used for advertising campaigns.

During 90 minutes of legal argument yesterday, lawyers acting for the franchisees asked Judge Potter to treble the compensatory element of those damages, taking the total to \$740m. GKN pressed for a greatly reduced award, and vowed to appeal.

Tim Burt

Moody's downgrades BT

Moody's Investors Service, the US credit rating agency, yesterday downgraded British Telecommunications' Aaa rating to Aaa, citing concern over the implications of BT's planned merger with MCI. The agency also said it would continue the review process, possibly leading to further downgrades.

The debt affected by the downgrade amounts to the equivalent of \$6.6bn (£4bn). Although a rating of Aaa denotes high quality debt, the loss of the Aaa status - the highest possible rating - could lead to an increase in BT's cost of borrowing.

Samer Iskandar

FT index changes

Centrica, the domestic gas supply business of British Gas, last night replaced Williams Holdings as a constituent of the FTSE 100 index as British Gas completed its demerger. British Gas, renamed BG, will remain a constituent of the FTSE 100 and also the FT 30 index. Following a review of FT 30 constituents, Lloyds TSB has taken the place of BICC in that index, with effect from last night. Granada will take the place of Hanson, which completes its demerger this month, after the close of business on February 21.

E&O Properties warns

English & Overseas Properties has warned that a property valuation is likely to result in further write-downs this year and consequently that a final dividend will not be paid.

The company said it anticipated the net asset value per share as at December 31 would fall to about 24p (31p at June 1996). The write-downs stem from problems with two office buildings at Rickmansworth and Smithfield developed at the height of the property boom in 1989, and from sites in Ashford, Kent, adversely affected by the delays to the fast rail-link. The shares fell 9p to 17 1/2p.

Flying Flowers expands 49%

A buoyant Christmas for Flying Flowers, when the Jersey-based mail order and retail services group shipped more than 300,000 orders, helped annual pre-tax profits grow by 49 per cent from £2.64m to £3.92m.

Sales rose 35 per cent to £35.3m for the 53 weeks to January 3. Mr Walter Goldsmith, chairman, said the Flying Flowers mail order business had an "excellent year" and continued to enjoy rapid growth in its database.

House broker Benson Gregory forecasts profits of £5.1m for the current year and earnings per share of 17.1p, giving a prospective p/e of 12.9, on yesterday's share price of 220p - up 4 1/2p on the day.

Gary Evans

Ashurst in US deal

Ashurst Technology yesterday signed a commercialisation contract with Easton Sports of the US to manufacture and market baseball and softball bats using Ashurst's proprietary aluminium-scandium alloys.

Ashurst's shares rose by 29 1/2p to 95p yesterday.

Dry weather hits Fieldens

Fieldens, the farm tyre and wheel supplier which came to aim last year, warned that interim results for the year to December 30 were likely to show a loss.

The shares fell 13p yesterday to 62 1/2p. Pre-tax profits for the year to June 30 1996 were £238,997 on sales of £8.16m. Mr John Fielden, chairman, said the difficult trading conditions had been caused by dry weather, an over supply of tractor tyres and a general lack of confidence caused by the BSE crisis.

Huntingdon to raise £5.64m

Huntingdon International Holdings is placing 5.42m ordinary shares with investors at 108p each, through Kleinwort Benson Securities, which will increase its share capital by 5 per cent. The placing will raise a net £5.64m.

Electrophoretics £4m placing

Electrophoretics, the protein mapping and diagnostic research company, has announced a placing and open offer to raise £4.1m, while announcing pre-tax losses for the year up from £1.39m to £1.58m in line with budget. The shares rose 5p yesterday to 48 1/2p.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	Corresponding dividend	Total for year	Total for year
Alrosa	6 mths to Oct 31	229.2 (202.3)	1.22 (0.335)	0.5 (0.1)	0.2	May 2	nil	-	nil
Brown & Jackson	6 mths to Dec 31	111.4 (98.4)	5.7 (4.5)	4.6 (4.9)	-	-	-	-	-
Electrophoretics	Yr to Dec 31	- (-)	1.58 (1.39)	2.43 (2.45)	-	-	-	-	-
Flying Flowers	Yr to Jan 3	35.3 (25.1)	3.92 (2.64)	14.85 (10.85)	2.72	Apr 11	2.16	4.06	3.4
Grosvenor Inns	6 mths to Nov 30	11.83 (8.8)	1.1 (0.83)	6.69 (4.87)	3.025	Mar 27	2.75	5.8	5.8
Lloyds TSB	Yr to Dec 31	6,749 (5,207)	2,505 (1,650)	31.2 (19.2)	9	May 1	7.8	13.2	11,911
Reflex	Yr to Dec 31	3 (2.1)	0.052 (0.034)	0.14 (3.7)	nil	-	-	-	-

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	Corresponding dividend	Total for year	Total for year
Barling Trefine	Yr to Dec 31	465.2 (433)	4.6 (3.33)	8.98 (6.49)	5.8	April 14	5.5	7.8	7.2
Pantheon Intl Part	6 mths to Dec 31	322.2 (278.5)	1.11 (0.482)	1.26 (1.42)	-	-	-	-	0.54
Thornation	Yr to Nov 30	90 (83.9)	6.52 (7.83)	2.12 (2.55)	1.4	Mar 28	1.4	2.3	2.3

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. 10m increased capital. 4m stock. Total income. Excludes special of 83.3p. Excludes special of 1.5p. 240 was to Dec 31. British currency

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WEEK IN THE MARKETS

Oil ends with small gains

By Robert Corzine and Susanna Voyte

Crude oil prices made modest gains yesterday after the sharp sell-off earlier in the week. The price of Brent Blend for April delivery, the global benchmark, was quoted at around \$20.47 a barrel in late trading on London's International Petroleum Exchange. That compares with its close on Thursday of \$20.88 a barrel. Oil prices have fallen 10 per cent over the past two weeks.

Strikes by oil workers in Venezuela and Colombia helped to steady markets yesterday. But the factors behind the downward pressure on oil prices earlier in the week continue to be a force in the markets. Traders are closely watching supply figures to see whether a surge of new output from both Opec and non-Opec countries materialises. The second half of February marks the final phase of the northern hemisphere winter, and is traditionally a time of declining demand.

Figures published yesterday by the Opec secretariat in Vienna showed that the group's output in January climbed to 25.38m barrels a day, against 24.91m b/d in December. A much-improved production ceiling of 25.03m b/d.

Gold ended the week steady, after a mixed week. The price was "fixed" yesterday afternoon at \$342.40, 25 cents lower than the previous day.

The price rose a little in late trading on the day at \$343.30. Dealers said the market was subdued ahead of Monday's public holiday in the US.

Thursday had seen a mini

rally on the London Bullion Market after a sharp fall in prices on Wednesday.

The London price for gold fell to a near four-year low - below \$337 a troy ounce - on Wednesday, before recovering slightly to "fix" at \$337.70.

Dealers were quick to blame the fall on more fears of central bank selling.

However, the market rallied on Thursday, with gold rising to \$342.85 at the afternoon fix - to the market.

Analysts at GNI yesterday said that the market was consolidating and had "definitely been attempting a move higher in the past couple of days".

"The action is apparently encouraged by strong physical buying in Asia," they said. But they predicted that the rally would run out of steam next week unless there is more bullish fundamental evidence.

Coffee prices on the London International Financial Futures Exchange yesterday were held back from continuing their recent rally by apparent nervousness on the New York markets.

The price for a tonne of coffee for May delivery ended the day up \$15 at \$1,675 - having reached \$1,705 earlier in the day.

On New York's Coffee Sugar and Cocoa Exchange, prices were mixed in early roller-coaster trading. Near midday the price for March delivery was down 30 cents to \$179.75 a pound, well short of recent highs around \$182.50.

Base metals prices veered lower yesterday in slow trading on the London Metal Exchange. Copper was hit by profit-taking after its rally on Thursday - as was zinc - run-up to new two-year highs.

Base metals prices veered lower yesterday in slow trading on the London Metal Exchange. Copper was hit by profit-taking after its rally on Thursday - as was zinc - run-up to new two-year highs.

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WEEKLY PRICE CHANGES

Commodity	Latest price	Change	Year on week	1996/97 High	1996/97 Low
Gold per troy oz.	\$343.30	+0.50	n/a	\$343.30	\$337.70
Silver per troy oz.	\$16.50	+0.05	n/a	\$16.50	\$16.45
Aluminium 99.7% (cash)	\$1,675	+15	n/a	\$1,675	\$1,660
Copper Grade A (cash)	\$2,240	+10	n/a	\$2,240	\$2,230
Nickel (cash)	\$85.00	+0.50	n/a	\$85.00	\$84.50
Zinc (cash)	\$1,180	+10	n/a	\$1,180	\$1,170
Tin (cash)	\$2,500	+10	n/a	\$2,500	\$2,490
Cocoa Futures Mar	\$1,180	+10	n/a	\$1,180	\$1,170
Coffee Futures Mar	\$1,675	+15	n/a	\$1,675	\$1,660
Barley Futures Mar	\$230.00	+0.25	n/a	\$230.00	\$229.75
Wheat Futures Mar	\$230.00	+0.25	n/a	\$230.00	\$229.75
Cotton Futures Mar	\$79.00	+0.75	n/a	\$79.00	\$78.25
Oil (Brent Blend)	\$20.47	-0.41	n/a	\$20.47	\$20.88

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WORLD BOND PRICES

MARKETS REPORT

By Lisa Branstetter in New York and Samer Iskandar in London

US Treasury prices continued their rally yesterday as figures on industrial production and wholesale prices came in weaker than many economists expected.

Near midday, the new benchmark 30-year Treasury, which were auctioned on Thursday, were \$10 1/8 to yield 6.541 per cent. At the short end of the maturity spectrum, the two-year note added 1/8 at 10 1/8, yielding 5.770 per cent. The March 30-year bond contract was \$10 1/8 to yield 6.541 per cent.

Bonds leapt immediately after the labour department index fell 0.3 per cent in January, in contrast with expectations of a 0.2 per cent rise.

But the market, which had made strong gains late on Thursday in spite of weak demand at the auction, soon retraced some of its gains.

Also supportive for the market was a report from the Federal Reserve showing

that industrial production was unchanged in January, while capacity utilisation slipped to 83.3 per cent from 83.5 per cent in December.

Bullishness in the US market spilled into Europe, where most markets closed between 1/4 and 1/2 higher. On the London Stock Exchange, the March future on the German bunds settled at 103.61, up 0.42, after reaching a record high of 103.83 during the session.

Other European markets tracked closely, except the UK. On the London Stock Exchange, the March future on the German bunds settled at 103.61, up 0.42, after reaching a record high of 103.83 during the session.

Meanwhile, BTPL matched the performance of the German market, following comments by Italian Prime Minister Romano Prodi that a mini-budget was still on the agenda. Life's March BTP future closed 0.45 higher at 130.94, before rallying further in after-hours trading to a high of 131.25.

BENCHMARK GOVERNMENT BONDS

Coupon	Date	Price	Yield	Week	Month
Australia	6/7/97	105.1300	+0.410	7.31	7.59
Austria	6/7/97	100.0400	+0.410	5.04	5.99
Belgium	6/7/97	105.4200	+0.550	6.28	6.59
Canada	7/2/97	105.2000	+0.650	6.15	6.34
Denmark	6/7/97	112.8400	+0.580	6.14	6.32
France	6/7/97	105.0875	+0.250	4.41	4.70
Germany	6/7/97	105.0800	+0.480	5.34	5.91
Italy	6/7/97	104.3942	+0.120	2.39	2.57
Japan	6/7/97	104.3800	+0.070	7.12	7.04
Netherlands	6/7/97	105.0800	+0.480	5.34	5.91
Portugal	6/7/97	104.3942	+0.120	2.39	2.57
Spain	6/7/97	104.3800	+0.070	7.12	7.04
Sweden	6/7/97	105.0800	+0.480	5.34	5.91
UK Gilts	6/7/97	104.3800	+0.070	7.12	7.04
US Treasury	6/7/97	104.3800	+0.070	7.12	7.04
EU (French Govt)	6/7/97	104.3800	+0.070	7.12	7.04

Source: Reuters. Local market standard.

London closing. New York midday. All prices in US dollars unless otherwise stated.

Source: Reuters. Local market standard.

Source: Reuters. Local market standard.

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Source: Reuters. Local market standard.

Source: Reuters. Local market standard.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7% PURITY (5 per tonne)

CASH

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

ALUMINIUM ALLOY (5 per tonne)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

LEAD (5 per tonne)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

ZINC, special high grade (5 per tonne)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

COPPER, grade A (5 per tonne)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

LME Warehouse Stocks (as at Thursday's close)

Aluminium

Copper

Lead

Nickel

Zinc

Tin

Total

LME Closing 27th Feb 1997

Spot 12/27 27th Feb 1997

12/27 27th Feb 1997

12/27 27th Feb 1997

12/27 27th Feb 1997

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12/27 27th Feb 1997

12/27 27th Feb 1997

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

CASH

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

PLATINUM NYMEX (50 Troy oz. \$/troy oz.)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

PALLADIUM NYMEX (100 Troy oz. \$/troy oz.)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

SILVER COMEX (5000 Troy oz. \$/troy oz.)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

BARLEY LIFTS (5 per tonne)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

WHEAT LIFTS (5 per tonne)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

MAIZE CBT (5000 bbl. \$/bbl.)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

SOYABEAN CBT (5000 bbl. \$/bbl.)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

SOYABEAN MEAL CBT (100 tons \$/ton)

Close

Previous

High/Low

AM Official

Karb close

Open int.

Total daily turnover

SOYABEAN OIL CBT (50,000 lbs. \$/bbl.)

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Saturday February 15 1997

Keeping down the pressure

The ingenious hydraulics of an automatic lavatory cistern is doubtless an imperfect model for the UK economy. But they powerfully illustrate the dilemma now facing the Bank of England and the Treasury about UK interest rates.

Despite their differences, both agree about what might be called the cistern danger: that after a period of quiet regulated inflow, excess pressure will trip the outflow mechanism and everything will go with a whoosh. A glance at the UK unemployment statistics from 1988 to 1993 shows the danger. Few believed in the palm days of 1988 that inflation could get so rapidly out of control or that the jobless would be pushed back over 3m.

Such a rapid deterioration may seem far out of proportion to the present argument as to whether UK base rates should be raised from 6 per cent to perhaps 8 per cent. The Bank's latest Inflation Report suggests that, at worst, inflation might reach 5 per cent by the second half of next year, with 3 per cent more likely. However, even its central projection is above the target band of 2½ per cent or less set by the government. And in its more pessimistic projections, the Bank shows a worryingly steep upward trend in prices.

Apart from the continued rise in sterling, the reasons for anxiety have increased since the Bank's last review in November. Wage rises, it is true, slowed a touch in the latter part of last year, but at 3½ per cent they are almost half a percentage point higher than at the beginning of the year.

Wage drift

Moreover, as companies benefit from the continued robust growth of the economy, wage drift, which includes bonuses and promotion payments, has nudged pay increases up above 4½ per cent. By simple arithmetic, this is the maximum increase the economy can afford if inflation is to be held below 2½ per cent while productivity grows at 2 per cent - its long term trend rate.

As wage increases move into the danger zone, there are strong signs that consumer demand will continue its recent rapid growth, and so enable manufacturers to raise prices. Consumers have money in their pockets - or feel that they have - partly because of last year's 8½ per cent rise in house prices, an inflationary trend which is

likely to continue if not to accelerate. The rise in share prices has also helped: up 40 per cent in real terms since 1990. And this year consumers can expect windfalls totalling £21bn from building societies merging or turning into banks. This huge handout is equivalent to cutting the nation's income tax bills by a third.

Raising taxes

There should be little disagreement, therefore, that the pace of growth of domestic demand needs to be reined back, and that the best way to do this would be to raise taxes. By cutting the government's excessive borrowing requirement, this would have the further beneficial effect of allowing interest rates to be eased, compared with what they would otherwise need to be. Long-term rates would tend to fall as the markets perceived that the government was serious about preventing the economy's capacity from being over-filled with orders.

There is no chance that this remedy will be taken before the next election, and perhaps not after it. This is an important reason (though not the only one) why sterling has risen almost 30 per cent against the D-Mark since last summer. The fiscal tightening which Germany and France have been obliged to inflict in preparation for European monetary union, has depressed continental interest rates, thus making sterling bonds relatively attractive.

Since bondholders expect an equal total return from investing in different countries, the higher UK interest rate implies that the market expects sterling to fall by about 7 per cent by the end of next year, or to DM 2.50, a reasonably comfortable rate for British industry.

But will sterling fall? And if not, will UK exporters start losing orders and laying off workers as they did in the early 1980s? Clearly there is a danger. Such a steep rise in sterling must have a depressing effect. On the other hand, export margins remain reasonably healthy and export markets are recovering slowly.

So the danger should not be overstated. Most forecasters expect the economy to grow at above the trend rate. Spare capacity may not yet be exhausted. But when it reaches overflow, it will be too late to act. The Bank is right; the Treasury is wrong. The valve should be tightened now. Cautiously.

The strong pound: good news and bad news



Currency conundrum

Graham Bowley says sterling's rise has cheered importers, depressed exporters and left economists in dispute

Just as the current wave of British pop music, couture and culture has taken the world by storm, the pound is back in fashion with investors.

The effective exchange rate of sterling, which measures its value against a basket of other currencies, has risen 16 per cent since August. Last week it approached another milestone, coming within a few German pfennigs of its former floor in the European exchange rate mechanism - from which it was so humiliatedly ejected in September 1992 under the chancellorship of Mr Norman Lamont.

"Then, we were just coming out of a prolonged recession and the housing market was languishing in the doldrums," says Mr Martin Brooks, international economist at Goldman Sachs in London. "Now there is reasonably strong growth, house prices are recovering and consumer confidence is buoyant."

The UK economy is one of the fastest growing of the leading industrialised nations. Its performance overshadows those of its European neighbours, which are hampered by attempts to meet the Maastricht criteria for economic and monetary union.

Beyond the satisfying symbolism of a resurgent currency, sterling's rise is, for many, a practical cause for celebration. Its ascent is expected to help the travel industry by sharply reducing the cost of foreign holidays. It is also a boon for importers, while the fall in import prices is expected to benefit the economy generally by putting downward pressure on inflation.

But sterling's vitality has a darker side. Exporters have complained loudly that sterling's sudden rise has reduced their international competitiveness. Its strength is likely to harm the

domestic tourist industry as foreigners are deterred from visiting Britain by an unfavourable exchange rate.

This week Reuters and Allied Domecq became the latest large companies to warn that the strong pound was eating into their profits. A survey by the British Chambers of Commerce last month found 96 per cent of medium-sized manufacturers said the pound was hampering their business.

"You might expect [the situation] to get even worse since it takes time for exporters to raise their prices to absorb the pound's rise," says Mr Ian Peters, deputy director general of the British Chambers of Commerce. "But then the question is: can they make the price rises stick without a big fall in orders?"

For exporters, current economic circumstances are a reversal of the conditions after the pound left the ERM in 1992. Then, a weak currency gave British companies an international edge and the UK entered a period of rapid export-led growth.

No one can say with certainty why the pound has risen, but economists offer several possible explanations. One, which the Bank of England says accounts for about a quarter of sterling's rebound, is that UK interest rates are higher than those in France, Germany and the US.

This has prompted investors to shift their money to the UK, particularly because the market expects UK interest rates to rise faster than those in other industrialised nations.

"The Bank of England is the only major central bank to have raised interest rates in the present economic cycle," says Mr Neil MacKinnon, chief economist at Citibank in London. "Not even the US has done that yet. The pound has become a high-yielding currency."

Another quarter of sterling's rise can be explained, according to the Bank, by the sharp increase in the price of oil, which by December was about 20 per cent above its level of last summer. As an oil producer, the UK economy benefits from a higher

oil price, a shift which has the opposite effect on most of the economies of continental Europe.

A third explanation for the pound's strength is the uncertainty surrounding economic and monetary union. Unnerved by the possibly destabilising effects of EMU on participating nations, investors may have shifted their funds into sterling, believing the UK to be the nation least likely to join the single currency in the first wave.

A final reason for sterling's vigour could be mounting international demand for UK goods and services. The Bank of England believes this may be because of the improved quality of UK products.

The debate about the factors behind the pound's rise may be largely academic. But the heatedly disputed effects of sterling's appreciation are emerging as the central conundrum for the UK's economic policy makers. It is an issue which has driven a wedge between Mr Eddie George, the governor of the Bank of England, and Mr Kenneth Clarke, the

chancellor, sparking a public debate over interest rates.

Mr Clarke believes the pound's rise has slowed the economy enough to warrant keeping interest rates at their current level. By contrast, Mr George argues that at least some of sterling's rise is likely to prove temporary. Neither, he says, does its strength have much effect on the consumer side of the economy where inflationary pressures are building up, he says.

In this week's Inflation Report the Bank says the government will miss its target for underlying inflation of 2½ per cent within two years unless interest rates are raised. "The longer you delay, the more interest rates will have to go up later," warns Mr Mervyn King, the Bank's chief economist.

Much of the argument turns on whether a strong pound is here to stay. Most currency analysts believe sterling has a little further to rise, with its ascent likely to continue if the economy's momentum is maintained.

But if the strong pound depresses exports and subdues inflation the currency's appreciation could contain the seeds of its own demise. Such an outcome would reduce the need for the interest rate rises expected by financial markets. If the sluggish economies of continental Europe and Japan begin to revive, sterling could go into descent.

That is not likely, says Mr Paul Meggs, currency analyst at Deutsche Morgan Grenfell in London. "Investors have a deep-seated bullishness towards the pound," he says. "Even a new Labour government would not set the pound back... We would have to see something catastrophic in the UK economy to really shake the currency out of bed."

Richard Adams

Profits and losses

For Jean and Don Hewitson, the pound's recent strength has been both a cloud and a silver lining. Mr Hewitson is proprietor of The Cork and Bottle, a wine bar near Leicester Square, the heart of London's West End.

With half his wines imported from France, sterling's rise in value by 16 per cent against the French franc since last year has led to savings. "This is just what we've been waiting for," says Mr Hewitson.

But for Mrs Hewitson, showroom manager of Mark Wilkin-

son Furniture, a luxury kitchen manufacturer in Wiltshire, sterling's strength causes problems.

While the company's UK sales have recently reached a record, thanks to the vibrant British economy, sales to Europe are sagging. At the company's London showrooms last week, two Dutch businessmen admitted they would have bought one of the handmade kitchens but for the weakness of the guilder against the pound.

For A.T. Mays, the UK travel agency, the surge in the sterling exchange rate has led to a rush

of business as people buy foreign currencies for their overseas holidays later in the year. The company said its foreign exchange sales in the first week of 1997 were 77 per cent above the same period last year.

"Many people are cashing in now while the rates are favourable," says Mr Malcolm Hewitt, managing director. "With the general election looming there is uncertainty how sterling will be performing when it comes to the main holiday season."

Richard Adams

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938. e-mail: letters.editor@ft.com. Published letters are also available on the FT website, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Isolation a danger to UK companies

From Mr Andrew Mitchell.

Sir, Multinationals such as Unilever and Toyota are not alone in linking future investment plans with participation by the UK in economic and monetary union. The single currency issue is just as important to the many British small and medium enterprises which have unfolded their wings in the EU since the inception of the single market.

All of us need long-term stability of exchange rates in a large European economic zone to be able to make sensible long-term business plans. The recent appreciation of the pound illustrates the problem. Suddenly we have to incorporate a 22 per cent change in the figures for much of our intra-EU trade. What hope is there for even a semblance of certainty in a five-year business planning period when forecasting exchange rates is as difficult as forecasting the weather.

We therefore strongly support

Emu. Its realisation will mean that we will have the advantage of trading and planning within a significantly larger and more stable economic area than is offered by the UK alone. From this base we will confidently face the global competitive threat offered by the other two giant single currency zones of the US and Japan. This company, and many like it, faces the same choices as multinationals over where to expand operations. The longer the uncertainty over the UK's participation in the EU goes on, the more likely it is our decision will go against it and for a more certain Emu participant. None of the often quoted advantages of the UK business environment outweighs the dangers of isolation.

Andrew Mitchell,
chairman,
Mitchell Instruments,
Nuffield Close,
Cambridge CB4 1SS, UK

From Dr Michael Cross.

Sir, With the recent reaction of a small group of Conservative politicians to a leading business person's views on Emu ("Unilever chief walks into Emu row", February 13), we are witnessing yet another example of politicians being out of touch with developments in our society.

It is increasingly important for company leaders to express their views on issues. This way we will know their values and find that they can be trusted (and otherwise).

Gone are the days of the politically neutral company. This might be a challenge to our politicians, but we all have a role in the political process.

Michael Cross,
43 Montague Road,
Richmond,
Surrey, TW10 6QJ,
UK

Irony of the 'stable' euro

From Mr Rod Barrett.

Sir, Is it not ironic that many of the same finance ministers and central bank chiefs who are wringing their hands over the value of the US dollar are simultaneously arguing that stability is one of the main advantages of a single European currency?

If the mighty dollar can be so ill-disciplined, surely the claims of future stability for the euro are significantly overstated.

Rod Barrett,
60 Southborough Road,
Bromley, Kent BR1 2EN, UK

Tawdry tale of New Orleans

From Dr Edward Black.

Sir, When I visited New Orleans last Easter with the Ken Colyer Trust I observed that the French Quarter was a square-mile brothel interspersed with gay bars where, if there were three murders in a night, two were done by the police. Two of our party were mugged 100 yards from the hotel on the second afternoon.

Musically it is in terminal decline and the tourism is tawdry. Sadly, your excellent article by Jurek Martin "Not so easy down in New Orleans" (February 10) will not "take me back where I belong".

Edward Black,
80 Dorset Road,
Merton Park,
London
SW19 3HD, UK

BAA meeting challenge of running leading airport

From Mr Mike Roberts.

Sir, I would like to assure Mr Adrian Wicks (Letters February 8) that BAA does not have a rose-tinted view of Heathrow. If we did then I doubt we would take the trouble to interview 26,000 passengers every year to seek their views on our facilities, nor would we be spending more than £1m every day improving facilities and services.

Of course, handling 55m passengers every year brings with it challenges that Mr Wicks's local airport does not face, but Birmingham International Airport does not offer direct services

to 220 destinations, nor is it home to 93 airlines, as Heathrow is.

As the leading airport operating company in the UK, BAA is acutely aware of the need to provide first-class airport facilities to meet growing demand. For this reason, our investment programme has recently seen huge improvements in Terminal 1, and we are halfway through a £90m refurbishment of Terminal 2.

In his article "Deceptive appearance" (February 3) Michael Skapinker was very critical of the check-in area of Terminal 3, yet he declined to point out that a £25m project was already under

way to improve and expand the area and to provide 30 new check-in desks.

It is very easy to find fault with an operation as complex as the world's busiest international airport and we are certainly big enough to take some criticism when it is due. However, complacency is not a valid criticism nor is it a view shared by either our regulator or any of the airlines that operate from Heathrow.

Mike Roberts,
managing director,
BAA,
Heathrow, UK

Luxury

to the

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COMMENT & ANALYSIS

Man in the News • Niall FitzGerald

Advocate of a clean break

Roderick Oram on the Unilever chief who enjoys a good scrap

Two years ago, Mr Niall FitzGerald, co-chairman of Unilever, told an audience in his native Ireland: "Real winners do not play by the rules - they change them or even make their own."

This week he broke the rules in his own company when he announced plans to sell the most profitable business of the Anglo-Dutch consumer goods group.

But he also offended the sensibilities of British Eurosceptics by suggesting the UK had to join the debate on monetary union. If it did not, he said, it ran the danger of shipping out of the single market and drifting off into the Atlantic to the detriment of its economy.

As co-chairman of Unilever, purveyor of such British specialties as Wall's ice cream, Brooke Bond tea and Persil detergent, Mr FitzGerald is one of the most senior business leaders in the UK. As chairman of the European committee of the Confederation of British Industry, he voices the views of many other leading industrialists.

But the right said he was disqualified from the debate: he is Irish; he had flirted with communism as a youth; he was responsible for foisting Persil Power - the underpants-eating detergent - on the public. Worse, he was portrayed as a rabid European colluding

with his Dutch co-managers. "Is he at all worried that he might put British consumers off if he threatens us for not agreeing with his political views?" asked Mr John Redwood, a leading Eurosceptic MP.

It made Mr FitzGerald's day. A highly articulate man, he enjoys a lively clash. "He is not a fence-sitter," says one colleague.

"When he knows what he thinks is right, he will go for it - with arms, fists and rabbit punches," said another when Mr FitzGerald was promoted to co-chairman last year. "I like him enormously but I wouldn't want to share a desert island with him."

Pushing for change and challenging corporate orthodoxy have characterised Mr FitzGerald's nearly 30 years at Unilever. His colleagues made him co-chairman last September believing he would instil entrepreneurship in a massive bureaucracy selling almost £100m of consumer goods a day.

His comments on monetary union came at a press conference on Tuesday when he announced his first significant shift in strategy.

The company has put up for sale its specialty chemicals business with the intention of ploughing the proceeds back into its core food, personal and household products.

Unilever can expect to raise up to £500m from the disposal. By adding to its borrowings, it could then have about £100m to spend - enough to buy some of the world's largest food companies such as Heinz or CPC, best known for its Knorr soups and Hellmann's mayonnaise.

But neither of those fit the bill of fast-growing, cash-generative businesses as profitable as chemicals, analysts say. To meet his goals, he will probably have to make dozens of acquisitions of smaller companies around the world. If he succeeds, however, he would catapult Unilever on to a rapid-growth trajectory after many years of underperforming its north American competitors.

He has time on his side. At 51, he could run the company for a decade, profoundly changing its culture and business.

He has already pushed

through a simplified board structure as a key step towards his stated goal of making Unilever the leading global company in its consumer products. Two of the essential qualities he wants to build in Unilever are fleet-footed innovation and pre-emptive skills in emerging markets.

He joined Unilever almost on a whim. The company looked the most interesting among the campus recruiters at Trinity College, Dublin, he recalls. He moved rapidly through most areas of the huge conglomerate before becoming finance director at 40. He was a breath of Unilever's fresh air for the City, the first executive to deal with it in an open and helpful way.

His career suffered a serious wobble three years ago, however, when he took responsibility for Persil Power. Then head of Unilever's global detergents business, he saw the revolutionary catalyst in Persil Power as the weapon he needed to win back leadership of the European market. That had been lost to Procter & Gamble in the early 1980s.

A flaw, however, caused the manganese catalyst to react badly to a handful of dark dyes, eating holes in some fabrics. P&G revelled in waving Persil-tattered underpants in public. Unilever said the flaw was very hard to detect and it changed the formula as soon as possible. But to the rest of the world it looked as though the company had made the classic mistake of defending its product at the expense of its reputation.

The debacle created severe tensions between Unilever's two dominant nationalities. British executives tenaciously pushed Persil Power even as P&G stoked the controversy. Some were critical of their Dutch colleagues who, deeply distressed by the adverse publicity, wanted to ditch the product at the first whiff of trouble.

Mr FitzGerald was quick to emphasise the lessons of Persil Power to his colleagues. He said it showed how much better Unilever had to become at product innovation, handling complex multinational markets and external parties such as the press and competitors. Preaching change restored

his standing and won him the UK chairmanship.

Mr FitzGerald and Mr Morris Tabaksblat, his Dutch co-chairman, are highly complementary and get on well, their colleagues say. Both have impressive command of their company and the world in which it operates. But Mr Tabaksblat is more of a worrier than Mr FitzGerald, bringing a critical "yes, but..." counterpoint to their debates.

Mr FitzGerald seems to know his assurance and powers of persuasion can get him into trouble. Kicking off the press conference on Tuesday, he gestured to paintings of predecessors surrounding him in Unilever's London boardroom, a room as huge as a banking hall and as gloomy as a 1930s civic council chamber. "They're keeping a watchful eye on me to make sure I don't get out of line," he said.

But who will check his enthusiasm for scraps outside Unilever? Some of his colleagues were wondering after the Eurosceptics' fusillade. They wondered if their co-chairman, a man of impressive internal political skills, had a delicate enough touch for external politics.

But CBI colleagues disagree. He was always sensitive to the great divisions within its members over Europe, one said, without losing his love of "jolting the system to get things moving".



Alice Rawsthorn on a buoyant but structurally flawed UK film sector

Patient still on critical list

The prospect of trouncing the Americans on their home turf is generally greeted with jingoistic glee by the British press. This week's announcement that *The English Patient* had garnered 12 Oscar nominations was no exception.

The English Patient was directed by Mr Anthony Minghella, a Briton, using a largely British cast and crew. But the only company willing to finance the \$30m (£18.5m) production budget was Miramax, a New York-based subsidiary of Walt Disney, the US entertainment group. Miramax will now pocket the profits.

If the UK is to benefit from the commercial success of its films, and save the likes of Mr Minghella from what he describes as a "nightmarish struggle" to raise money, it needs to establish an industry capable of producing \$30m pictures.

The slew of Oscar nominations for *Secrets and Lies*, *Hamlet* and *Trainspotting*, as well as *The English Patient*, is an encouraging start. It comes at a time when the UK film industry is attracting new investment from television, foreign producers, and the National Lottery. Yet there is still a risk of the industry slipping back into the self-destructive cycle that bedevilled it after past Oscar sweeps.

The crux of the industry's problems is that it is composed of a motley assortment of independent production companies. They struggle to finance films on a piecemeal basis and are forced to cede so many rights - to foreign markets or video - that their share of the profits is too small to enable them to build strong, stable businesses.

Hence the industry's fortunes fluctuate as British films move in and out of fashion and exchange rates make it cheaper or more expensive for foreign producers to shoot in the UK. Recently the tide has turned in its favour. Some 127 films were produced or shot in the UK in last year, 55 per cent more than 1995, says Screen Finance, an FT newsletter.

All the big-budget productions were Hollywood-backed, including *101 Dalmatians* and *Evita*, but there was also significant growth in European investment.

"It's partly a zeitgeist thing, with [the magazine] *Vanity Fair* saying that London's swinging again," says Ms Lisbeth Savill, partner in Olszang, one of London's largest entertainment law

The look of success: Ralph Fiennes, star of *The English Patient*

firms. "But we've had a huge increase in inquiries from foreign investors."

Domestic investment has risen too, buoyed by recent successes such as *Trainspotting*, which cost \$2.5m to make and has taken \$73m at the box office. Meanwhile the Arts Council has given £28m of National Lottery money to 53 films.

"It's still unbelievably difficult to make films in Britain, but that's a great improvement on how it was before," says Mr Marc Samuelson, a producer who

received a £2.5m lottery contribution to the \$5m budget of *Wide, a film about Oscar Wilde that comes out next autumn.*

The sudden flurry of film-making activity has already caused problems. A shortage of studio space and post-production resources, such as editing suites and digital effects facilities, has triggered a steep increase in costs. Labour rates have also risen, particularly among actors and technicians, who are also needed by the advertising industry.

New capacity is coming on stream. London post-production houses are expanding, as are Shepperton and Pinewood, the UK production studios. A third studio is being built on a Hertfordshire aerodrome. The labour shortage will take longer to resolve, while new recruits are being trained.

However the chief concern for the industry is that its recent revival has done nothing to correct its structural flaws, or to lessen the risk of a sudden reduction in foreign investment. Hollywood producers are already voicing concern about the impact of the stronger pound on the cost of shooting future projects in the UK.

The industry has an unprecedented opportunity to address this long-running problem when the Arts Council awards four film franchises this summer. Each will be entitled to up to £30m in lottery money over six years.

The lottery subsidy is intended as seed capital to help the franchises raise additional funds to finance a portfolio of films which, it is hoped, will generate sufficient profits to set up sales and distribution networks.

If the initiative works, it could create a couple of "baby studios" that would stabilise the industry and help other film companies to raise investment. Some 164 companies or consortia - ranging from the Guinness Mahon banking group to the producers of *Four Weddings and a Funeral* - indicated last December their intention to apply for franchises.

Several consortia have already unravelled, mainly because of rifts between the members or problems in meeting the application criteria. "The franchising process has already been incredibly helpful," says Mr Samuelson, whose company will bid as part of a consortium. "It's forced people to be more disciplined and more realistic about their future plans."

The Arts Council expects to receive a couple of dozen final bids by the deadline of February 28. It then faces the task of choosing which ones are likeliest to produce a British-funded successor to *The English Patient*.

"Let's hope it works," says Mr Minghella. "It's evident that there's a whole raft of marvellous actors, technicians and directors in Britain right now. All the constituents are in place - if the money's there."

Refuges at risk

Andrew Jack on the pressures threatening Europe's tax havens

One idea guaranteed to destroy political careers in Andorra, the tiny Pyrenean mountain state perched between France and Spain, is the proposal to introduce income tax.

Andorrans go to the polls tomorrow against a backdrop of an economic downturn and several years of budget deficits, but no candidate has dared lift the taboo. "It's not good electioneering," says Mr Oscar Ribas Reig, the former head of the government whose attempts to do just that have twice lost him his job.

With a centuries-old tradition of smuggling, Andorra has proved extremely adept at building up its economy by exploiting differences in the tax rates and import controls of its neighbours. Its traditional success is illustrated by the rows of "duty free" tobacco, alcohol and perfume shops which dominate the high street of its capital today. It is also reflected in the numerous apartments owned by tax exiles, and multitude of bank branches which accept deposits from people who periodically cross the borders to place "savings" away from the eyes of their own tax inspectors.

Yet, like a number of other tax havens, notably those under the European Union's sphere of influence, the delicate system that has helped the country prosper is coming under threat.

"There is growing pressure on tax havens from both regulators and other countries wanting to get in on the act," says Mr John Whiting, a partner with accountants Price Waterhouse. "They have got to be prepared to evolve in order to survive."

He says there is considerable regulation in place "to force havens to clean up their act". Governments are co-operating more than ever to put tighter controls on money laundering and other criminal activities.

National tax authorities are also talking far more than in the past about the exchange of information. The US is "reviewing" a number of its double tax treaties, with the implicit threat that they may be torn up unless modifications are introduced.

In the UK and elsewhere there has been a movement towards "controlled foreign corporation" legislation. This provides the authorities with far greater access to the records of companies with offshore subsidiaries.

Debate has also increased about more philosophical objections to tax havens. As other obstacles to free trade and movement come down, "tax remains



Duty-free shops, Andorra. Photo by AP/Wide World

one of the last barriers", says one senior official.

With the liberalisation of capital movements and the widespread use of sophisticated electronic means of payment, financial flows are more sensitive and mobile than ever to differential tax regimes. They shift rapidly to those areas offering the lowest rates.

The finance ministers and central bank governors from the Group of Seven leading industrial countries who met in Berlin last weekend discussed the problems of "harmful tax competition" which they believed could jeopardise "fairness and neutrality". The Organisation for Economic Co-operation and Development is to report on the subject in May next year, and the EU is setting up a permanent group of senior politicians to study tax matters - including the idea of a "code of conduct" on minimum acceptable tax rates and conditions.

"I can't remember a time when heads of government spoke about tax issues," says the official. In the past two years, he says, even the words politicians have chosen to use on the subject have shifted significantly - from "fiscal derogation" and "erosion" to the much harsher "dumping".

Such rhetoric strikes a populist chord, particularly when many western nations - notably France and Germany, which are attempting to meet the Maastricht criteria for monetary union at a time of low growth - are so concerned about their budget deficits.

It is less clear whether the threats will be translated into action. After all, most EU members have their own "captive" tax havens - such as the Channel Islands for the UK, Madeira for Portugal and Heligoland for Germany. Some - such as Monaco for France or Andorra for Spain - also provide an important dynamo of jobs and growth for the regional economy.

Europe's nations would also have to reconcile any action against tax havens with the fact that they are already themselves competing fiercely on tax issues. Examples of low tax areas include Trieste in Italy, the Dublin docks in the Irish Republic, as well as the generally attractive corporate tax regime in Luxembourg. Since last year, France has also offered assistance to multinational companies basing their headquarters or foreign executives there, while Germany offers incentives to help troubled industries restructure.

Traditional tax havens face intensifying competition with the creation of new offshore centres, such as those in the south Pacific. Ironically, they face an even bigger threat from their larger European neighbours, which have been eroding their relative attraction over the past decade by sharply cutting corporate and income tax rates.

That leaves the havens with two options. Some have chosen to fight hard to win new business and become more professional. The Isle of Man recently doubled its financial promotion budget, Jersey introduced a special regime to limit the liability of partnerships, such as accountants, while Monaco is considering changes that would encourage offshore investment vehicles.

The alternative is for tax havens to keep their heads down in the hope their neighbours might leave them alone - as long as they do not become too big or scandal-ridden.

But if present trends continue and their relative attraction declines, these havens will have to diversify in order to survive. That may well mean introducing new forms of economic activity - or even income tax.

Search for a secular consensus

Israel's main parties are moving closer together as religious groups gain ground, says Judy Dempsey

When a group of deputies from Israel's Knesset met last Saturday in Kochav Ya'ir, a well-heeled community close to Tel Aviv, the conversation was - as is typical of such gatherings - lively and often heated.

The discussion focused on Israel's continuing presence in Lebanon, in the aftermath of the death in a helicopter crash of 73 Israeli soldiers flying to Israel's security zone in the south of its neighbour.

Although there were disagreements, a broad consensus emerged. Israel must consider some kind of withdrawal from Lebanon, even if that meant unilateral withdrawal as some argued.

What makes this remarkable, however, was the guest list. It included Mr Yossi Beilin, a contender for the opposition Labour party leadership and one of the architects of the Oslo peace

accords. Also present was Mr Michael Eitan, parliamentarian leader of the governing conservative Likud coalition, and his colleague, Mr Gideon Ezra, former deputy of Shin Bet, the internal security service.

"We met because we are trying to forge a bipartisan foreign policy," says Mr Beilin.

Such a meeting would have been unthinkable a year ago when Israel was still deeply divided after the assassination of Yitzhak Rabin, the Labour prime minister, by an ultra-Orthodox Jew. It would have been hard to countenance even a few months ago, when Mr Benjamin Netanyahu, the prime minister, was hesitating over a

troop withdrawal from the West Bank city of Hebron and the peace process seemed in tatters.

"Much has changed since then," says Mr Ezra. "We have to find a common ground across the political spectrum if we are to deal with the problems we are about to confront. We need national unity. That is why I welcome Labour and Likud talking with each other."

The peace process has encouraged such discussions because it is reducing the external threat to Israel's existence and forcing Israelis to examine their own institutions, says Mr Shmuel Sandier, professor of political studies at Bar-Ilan university in Tel Aviv.

"Although we have

thought about it in the past, for the first time we have to really confront our identity," he says. "We have to think about our future borders. We have to start defining what kind of state we want to live in."

There is a growing realisation among Israelis that the peace process is bringing out divisions which go to the heart of the Israeli state. "It is a fact that we have now to find an equilibrium between Judaism and democracy," says Mr Eitan. "We have to find some way to cope with the third force which is emerging in Israeli politics."

That third force is the bloc of religious political parties which hold the balance of power in the Likud-led coalition.

Mr Netanyahu may be the first Israeli prime minister to have been elected directly but he is reliant for his majority in the Knesset on the 10 votes of Shas.

Shas wants to curb the media, which it regards as hedonistic. It wants to curtail the powers of the Supreme Court, regarded by both Likud and Labour as the guardian of Israel's democratic and secular values. And as Mr Eliezer Goodman, columnist for the liberal Jerusalem Report news magazine, says: "Shas wants an Israel based on the Torah [the Bible]."

"This is what the conflict is about: whether we have a society based on democratic values or a society based on the Torah. This is what is

bringing Labour and Likud together."

The differences between Likud and Labour are narrowing in other policy fields. Already both espouse a free market economy, support the peace process and strive towards strengthening the values of a civil society based on the rule of secular law.

As if to confirm the small gap between both parties, a poll carried out this week by Tel Aviv University showed how only 19 per cent think "there are vast differences between the two major parties", with 31 per cent believing there are no differences.

The poll was taken after Mr Netanyahu's Likud-led coalition voted for the

Israeli troop withdrawal from Hebron last month. That vote reassured public opinion that Likud was just as committed to continuing the peace process as Labour.

But the Hebron agreement also meant that Likud, sections of which were once bound to the concept of Eretz Israel, the Jewish biblical homeland, has had to start redefining its role. "Likud's ideological base has disappeared," says Mr Eitan. "Party discipline hardly exists. We now look for allies across the political spectrum."

Yet there is another reason for the gradual convergence of views. Since the prime minister is now directly elected, both parties have to move towards the

political centre to build the widest political base.

The growing strength of the ultra-Orthodox parties is encouraging this search for a wider base.

"Labour and Likud are forced towards the centre because of this development," says Mr Goodman of Jerusalem Report. "The centre is becoming increasingly important for Netanyahu as much as for Ehud Barak [the front-runner in the Labour party leadership race] as they position themselves for the next election."

These trends could point to a gradual realignment of Israeli politics, with the ideological differences between Labour and Likud evaporating as the religious parties gain ground.

Mr Eitan believes such a realignment will be slow. "But it is necessary. The issues we face are enormous. It is about what kind of values Israeli society will have in the future."

Dollar down

MARKETS REPORT
By Richard Adams

After a week of trading since the Group of Seven meeting in Berlin, there was some evidence yesterday the US dollar had finally stabilised on the foreign exchange markets.

Following positive economic news on producer price inflation that reduced any lingering hopes of a US rate rise, the dollar ended the day on the London market almost unchanged against its major rivals.

Against the Japanese yen — whose rate was one of the biggest concerns for the G7 leaders — the dollar fell slightly, by 10.46 to ¥124.20.

The dollar remained steady against sterling, falling a tenth of a cent to \$1.6210. It also eased by a silver against the D-Mark to DM1.6862, and by 0.65 of a cent against the French franc to FFs6.9900.

Sterling mirrored the dollar's lethargy, slipping down against other European currencies. Against the D-Mark the pound fell by a third of a penny to DM2.7334, and by 1.65 centimes against the French franc to end at FFs6.9900.

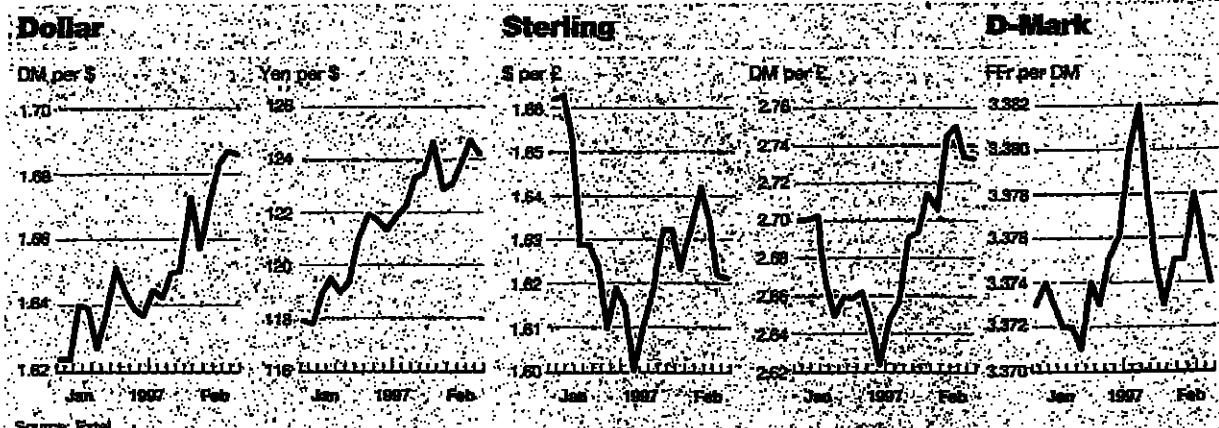
Elsewhere, the D-Mark gained at the expense of the Italian lira, at the end of a tough week for the Italian currency. The D-Mark gained L1.8 to be worth L855.7.

US POUND IN NEW YORK

Feb 14 — Last — Prev. Close —
1m 1.6210 1.6205
2m 1.6210 1.6205
3m 1.6210 1.6205
1y 1.6210 1.6205

■ The market was surprised by a 0.3 per cent fall in the January US producer price index, which gave the US Treasury markets more reason to rejoice.

The PPI figure took the wind out of the dollar's sails in Europe, as the market



downgraded the chances of the Federal Reserve tightening interest rates.

Earlier in the day the dollar hit its highest level for four years against the yen, and neared the psychologically important level of ¥125, before sliding back in late trading, possibly because of fears over the possibility of co-ordinated central bank moves to curb its rise by entering the market.

■ The effects of the G7's statement, that the dollar's

correction had come to an end, continues to be a major talking point in the markets.

But there is little consensus over its meaning or effect. Mr Marc Chandler, an analyst at Deutsche Morgan Grenfell in New York, yesterday delivered an acerbic commentary on the G7 fall-out, and predicted a rise still to come in the dollar's value.

■ When officials highlight the benefits of a strong dollar, the market senses that an even stronger dollar is acceptable," Mr Chandler

said yesterday.

There is no sign of any direct central bank intervention, and no credible threat of either Japan or Germany to raise interest rates to defend the D-Mark or the yen. Nor is the Fed likely to cut rates to depress the dollar.

Mr Chandler concludes the dollar will continue to appreciate to reflect the economic advantages of US over Japan and Europe. "These are the conditions that favour an overshoot," he said.

■ The financial markets have never been renowned for their sensitivity. Stories such as the futures trader who suffered a heart-attack on the floor of the Chicago exchange, so his colleagues

stuffed their losing orders into his pockets.

Analysts at Bear Stearns in London, however, went against the usual grain yesterday in their daily note. "Rather than flowers, why not say it with dollars for Valentine's Day," they wrote.

POUND SPOT FORWARD AGAINST THE POUND

Feb 14	Closing mid-point	Change on day	30 days	90 days	180 days	360 days	1 year	2 years	3 years	JP Morgan			
Europe	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Australia	(A)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Belgium	(B)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Denmark	(D)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
France	(F)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Germany	(G)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Greece	(G)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Ireland	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Italy	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Luxembourg	(L)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Netherlands	(N)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Norway	(N)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Portugal	(P)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Spain	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Sweden	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Switzerland	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
UK	(U)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
USA	(U)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
South Korea	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Taiwan	(T)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Thailand	(T)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Malaysia	(M)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Indonesia	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Philippines	(P)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Singapore	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
South Africa	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Israel	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Japan	(J)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
China	(C)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Hong Kong	(H)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Taiwan	(T)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
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Malaysia	(M)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Indonesia	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Philippines	(P)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Singapore	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
South Africa	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Israel	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Japan	(J)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
China	(C)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Hong Kong	(H)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Taiwan	(T)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Malaysia	(M)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Indonesia	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Philippines	(P)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Singapore	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
South Africa	(S)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Israel	(I)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Japan	(J)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
China	(C)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Hong Kong	(H)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Taiwan	(T)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8
Malaysia	(M)	10.2358	-0.0025	259	-457	19,2998	19,1718	19,1233	2,7	19,1358	2,1	-	10,8

UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Johnson Fry Sister Growth	1,553
Gartmore UK Smaller Companies	1,400
NatWest UK Smaller Cos	1,385
Jupiter European	1,347
Schroder Smaller Companies Inc	1,318

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	437
Fidelity Japan Smaller Cos	607
Save & Prosper Korea	612
P&G Japanese Smaller Cos	620
Mutualshare Japan Smaller Cos	626

Henderson Japan Sm



TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	1,956
Proffitt Technology	1,835
PM North America Growth	1,813
Jupiter European	1,808
Franklin Templeton	1,777

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	444
Govett Japan Strategy	510
Schroder Seoul	511
Old Mutual Thailand Acc	513
Fidelity Japan Smaller Cos	520

Schoeder Seoul



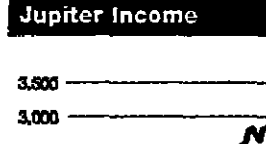
TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,920
GT Orient Acc	3,429
Gartmore American Emer Gth	3,355
Hill Samuel UK Emerging Cos	3,318
Jupiter Income	3,214

BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	714
Barclays Uni Japan Inc	755
Govett Japan Strategy	764
Fidelity Japan Smaller Cos	764
M&G Japan & General Acc	808

Jupiter Income



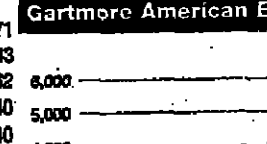
TOP FIVE OVER 10 YEARS

Hill Samuel US Smaller Cos	5,871
HSBC Hong Kong Growth	5,543
Gartmore American Emer Gth	5,222
F&G US Small Companies	5,240
Gartmore Hong Kong	5,240

BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan Inc	580
Mercury Japan	699
M&G Japan & General Acc	717
Waverley Australian Gold	782
CU PPT Japan Growth	806

Gartmore American Em



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Average Unit Trust	1027	1125	1210	1301	3.4	2.6
Average Investment Trust	1117	1176	1211	1267	4.6	4.8
Bank	1032	1112	1221	1267	6.0	4.3
Building Society	1031	1114	1229	1278	0.0	4.0
Stockmarkets FTSE All-Share	1178	1369	1507	1529	3.1	3.5
Inflation	1029	1088	1139	1188	0.4	-

UK Growth

Johnson Fry Sister Growth	1553	1753	2548	-	3.9	0.6
Jupiter UK Growth	1188	1621	2007	-	3.4	1.8
Credit Suisse Fellowship Inc	1151	1517	-	-	3.3	1.1
Perpetual UK Exempt	1146	1487	2790	-	3.0	2.5
Sanwa UK Growth	1122	1459	2072	-	3.3	1.8
SECTOR AVERAGE	1118	1247	1920	2435	3.2	1.8

UK Growth & Income

Fleming Select UK Income	1205	1405	2120	2753	3.2	3.5
Perpetual Income	1114	1368	2415	2877	3.0	2.9
Lazard UK Income & Growth	1112	1348	1943	2688	3.1	4.2
Proffitt UK Blue Chip	1145	1341	2089	-	3.3	2.9
Gartmore UK Index	1102	1327	2026	2324	3.2	3.2
SECTOR AVERAGE	1102	1216	1832	2592	3.1	2.8

UK Smaller Companies

Laurence Keen Smaller Cos	1222	1696	-	-	3.2	1.1
Gartmore UK Smaller Companies	1400	1688	2282	2836	3.5	0.3
AES Smaller Companies	1219	1635	2363	-	3.2	0.9
Schroder Smaller Companies Inc	1318	1531	2436	2688	3.2	0.7
INVESTCO UK Smaller Companies	1210	1508	2465	2567	4.1	1.1
SECTOR AVERAGE	1145	1235	2042	2464	3.1	1.4

UK Equity Income

Jupiter Income	1180	1601	3214	-	3.1	4.3
Lazard UK Income	1142	1388	2155	3316	3.1	4.5
BWD UK Equity Income	1188	1354	2124	2725	3.0	3.6
River & Mercantile 1st Income	1114	1348	2206	-	3.1	4.1
Royal Life High Income Dis	1131	1327	2026	2324	3.0	3.8
SECTOR AVERAGE	1093	1184	1919	2644	3.1	4.6

UK Equity & Bond Income

Proffitt Extra Income	1089	1235	1922	2563	2.7	4.5
Cazenove UK Equity & Bond	1106	1207	-	-	3.5	5.9
Gardian Balanced	1045	1197	-	-	2.1	4.6
CIS UK Income	1092	1190	1844	-	2.7	4.1
CU PPT High Yield	1125	1178	1910	2825	3.2	5.5
SECTOR AVERAGE	1088	1114	1780	2222	2.8	5.4

UK Eq & Bd

BWD Balanced Portfolio	1180	1405	2233	-	3.3	1.2
Perpetual High Income	1111	1311	2391	-	2.6	3.5
Credit Suisse High Income Port	1079	1294	2237	-	2.9	4.1
NPI UK Extra Income Inc	1117	1271	2168	-	2.7	3.6
Colonial Balanced	1111	1221	1988	-	2.9	3.9
SECTOR AVERAGE	1086	1213	1956	2573	2.8	3.3

Gift & Fixed Interest

Thomson Preference Inc	1078	1208	1823	2383	1.8	8.5
Britannia Gift & Fixed Int Inc	1059	1225	1375	-	1.7	8.2
Henderson Preference & Bond	1094	1158	1589	2188	1.8	8.3
M&G Gift & Fixed Interest	1106	1148	1443	2035	2.3	6.7
Abnvest Fixed Interest	1160	1143	2218	2711	2.0	9.0
SECTOR AVERAGE	1056	1081	1462	2114	1.9	8.6

International Equity Income

Martin Currie Int'l Income	1072	1165	2059	-	2.9	2.9
GEM Dolphin Int'l Gth & Income	1063	1149	1902	1915	3.0	2.3
GT International Income	1018	1147	1953	2647	2.7	2.6
Mayflower Global Income	1009	1124	1851	1959	2.9	4.2
M&G International Income	1012	1116	1882	2540	2.4	4.3
SECTOR AVERAGE	1028	1093	1852	2157	2.7	3.4

International Fixed Interest

Baring Global Bond	1030	1116	1667	-	1.8	8.2
Barclays Uni European Bond Inc	1057	1103	-	-	1.2	5.8
Old Mutual Worldwide Bond Inc	1077	1077	1434	-	2.0	4.8
Mercury Global Bond Acc	974	1070	1481	-	1.8	5.0
TSB International Income Inc	956	1052	1420	-	1.8	4.6
SECTOR AVERAGE	930	981	1360	1610	2.0	5.3

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1065	1243	1947	-	2.5	2.9
Cazenove Portfolio	1046	1234	1906	-	2.2	1.8
Gartmore PS Long Term Balance	1088	1180	1937	-	2.6	2.8
NPI Worldwide Income Inc	1028	1185	1729	-	2.6	1.6
Baillie Gifford Managed	1045	1179	1736	-	2.6	2.7
SECTOR AVERAGE	1032	1113	1673	2226	2.4	2.5

International Growth

Proffitt Technology	963	1835	3160	4905	6.2	-
Franklin Templeton	986	1777	2226	-	7.0	-
Save & Prosper Growth	1151	1443	2786	3613	3.4	1.6
Henderson Global Technology	912	1421	2371	4041	5.8	-
Equitable Technology	1043	1407	2324	4054	4.4	0.8
SECTOR AVERAGE	1001	1080	1780	2224	3.3	1.0

Nth America

Hill Samuel US Smaller Cos	1169	1666	2733	5871	5.2	-
PM North America Growth	1079	1813	3014	4234	4.7	-
Edinburgh North American	1122	1716	2886	3204	3.5	0.6
Martin Currie North America	1104	1627	2446	2889	3.4	0.1
Royal Life United States	1102	1621	2741	3577	3.4	0.3
SECTOR AVERAGE	1052	1356	2078	2826	3.9	0.5

Europe

Jupiter European	1347	1808	3082	-	3.4	0.6
Baring Europe Select	1281	1745	2612	2828	3.5	0.8
INVESTCO European Growth	1288	1680	2961	2901	3.7	-
INVESTCO European Small Cos	1231	1819	2661	2720	3.4	-
Allied Dunbar European Growth	1233	1603	2589	2548	3.7	0.1
SECTOR AVERAGE	1108	1305	2023	2507	3.0	0.8

Japan

GT Japan Growth	847	888	1203	1529	3.3	-
Hill Samuel Japan Technology	725	861	1324	1917	5.7	-
Martin Currie Japan	784	826	1372	-	4.8	-
Murray Japan Growth	764	810	-	-	4.3	-
Schroder Tokyo Inc	750	785	1307	2058	4.7	-
SECTOR AVERAGE	687	659	1006	1171	4.9	0.2

Far East inc Japan

Abnvest Pacific	885	960	2068	3450	4.2	0.3
Govett Greater China	1090	956	2262	3172	4.5	-
Sun Alliance Far East	882	926	1787	1814	4.8	0.3
GAM Far East Inc	946	924	1784	3504	4.3	0.2
United Friendly Far Eastern	889	914	1896	-	3.4	0.5
SECTOR AVERAGE	869	828	1714	2251	4.2	0.6

Far East exc Japan

HSBC Hong Kong Growth	1280	1241	3820	5543	6.9	0.9
GT Orient Acc	1193	1157	3429	-	6.0	0.1
Henry Cooke Eastern Enterprise	1087	1130	-	-	5.0	0.2
HSBC Singapore & Malaysia Gth	1020	1116	2536	-	6.5	-
Credit Suisse Orient Acc	1031	1109	-	-	6.2	-
SECTOR AVERAGE	926	900	2285	3894	5.6	0.6

Commodity & Energy

M&G Australasian & General Acc	1141	1146	2097	1895	5.3	1.9
M&G Commodity & General	957	1112	2023	2458	4.5	0.2
Save & Prosper Commodity	905	995	1838	2327	5.8	-
Save & Prosper Gold & Exp'n	821	991	2234	1389	8.5	-
Allied Dunbar Metals Min Comm	867	938	1348	1844	4.5	0.2
SECTOR AVERAGE	872	960	2070	1817	5.8	0.6

Best Peps

Jupiter European	1347	1808	3082	-	3.4	0.6
Johnson Fry Sister Growth	1553	1753	2548	-	3.9	0.6
Baring Europe Select	1281	1745	2612	-	3.5	0.8
Gartmore UK Smaller Companies	1400	1688	2282	-	3.5	0.3
INVESTCO European Growth	1288	1680	2961	-	3.7	-
AVERAGE UT PEP	1095	1217	1920	-	3.0	2.9

Money Mkt

Newton Cash Acc	1044	1136	1264	-	0.2	5.2
M&G Treasury	1045	1137	-	-	0.1	6.0
Midland Money Market	1043	1136	1230	-	0.1	4.9
Lincoln National Cash	1038	1134	1250	-	0.8	4.7
CU Deposit	1043	1134	1259	-	0.0	5.2
SECTOR AVERAGE	1038	1124	1240	-	0.2	5.3

Investment Trust Units

Quilter Investment Trusts Inc	1123	1222	2346	-	3.4	0.6
Quilter High Inc Inv Trst Acc	1107	1185	-	-	3.0	3.6
M&G Fund of Investment Trusts	1059	1156	2072	3013	3.5	1.8
Singer & Friedlander Inv Trst P	1051	1135	-	-	2.7	2.4
Equitable Trust of Invest Trsts	1033	1115	2117	3118	3.0	1.2
SECTOR AVERAGE	1030	1097	1930	2525	3.1	2.2

Fund of Funds

Interest						
1116	1657	-	1.8	8.2		
1103	-	-	1.2	5.1		
1077	1434	-	2.0	4.1		
1070	1481	-	1.8	5.1		
1052	1420	-	1.8	4.4		

Weekend FT

Darwin still gets under the skin

His descendants claim he has an answer for everything.
Christian Tyler reports

Si- gmund Freud said that scientific revolutions occur in two stages: first comes the discovery, and then comes the cultural impact of the discovery. By this measure, Charles Darwin's account of the origin of species, published nearly 140 years ago, is still well short of fulfilling its revolutionary potential.

While Freud's own theories have had enormous - many would say undeserved - cultural impact, the real meaning of Darwin's remains undigested, misunderstood or ignored.

That, at least, is what his heirs say. Neo-Darwinists complain that while no biologist seriously doubts that evolution is driven by natural selection, the public refuses to swallow it. Some folk think Darwin's theory has been refuted. Others accept they have an ancestor in common with the apes but won't accept the consequences. So the theory is as controversial today as it was in Victorian Britain. Why should that be?

"It is a problem which I have been pondering for 50 years," says John Maynard Smith, a pillar of the neo-Darwinist establishment.

Many biologists talk as if there were a conspiracy. Stephen Jay Gould, the Harvard palaeontologist and popular writer, says public perception has been "spindocored". He has written that evolution "still floats in the limbo of our unwillingness to face the implications of Darwinism for the cosmic state of homo sapiens".

Now, however, cultural antipathy to Darwin's legacy is being challenged, by a small and missionary group of researchers on both sides of the Atlantic.

Including economists and other non-biologists they call themselves "evolutionary psychologists" and their aim is to bring biology back into the study of human behaviour - to reinstate the monkey in man, but give him a human face. According to the science writer Robert Wright, a leading spokesman of the new wave, the work of these pioneers will result in a "paradigm shift", a new world view.

And that, of course, is part of the problem. The cosmological revolutions of Copernicus, Galileo, Newton and Einstein may have relegated mankind to a dingy corner of the universe. However, like the modern mysteries of quantum mechanics or "chaos" theory they have been technologically fruitful but largely irrelevant to our daily concerns. Darwin's revolution seems to strike at the core of our being: it touches the Meaning of Life.

Darwinism offers no meaning of life, and its high priests can promise no salvation. Indeed, they take a grim pleasure in insisting on the bleak conclusion that we are nothing but genetic survival machines accidentally dropped into a wonderful but purposeless world.

Popular resistance (if the scientists are right) can be explained in more specific terms. To begin with, there is a suspicion that we are not hearing the whole story. The English language market for popular science writing, driven by high advance fees, is expanding as fast as the universe itself. But it is dominated by a handful of writers. One of them, Colin Tudge, complained recently

that editors and TV producers are handing over the free market in information to a "coterie of scientists they perceive to be gurus". Others complain that a lack of diversity means that popularisers are able to pass off as science what is no more than intelligent speculation. The Oxford biologist Richard Dawkins, whose *The Selfish Gene* has become a classic of the genre, confirmed the trend himself when he claimed that scientists had ousted clergymen and philosophers as the arbiters of interpretation.

Though Dawkins was careful to insist that science could teach us nothing about moral values (we should resist all ancient texts, he said, whether DNA or the Bible) his confidence was unsurprising. Tolstoy found the solution to his mid-life crisis in the simple Christianity of the peasants. Today's troubled soul is likely to seek refuge in New Age mysticism or the apparent certainties of science.

Then the rhetoric of much popular science writing is dubious. Evolution suggests no direction or purpose, no answers. But the language of neo-Darwinism is full of confusing motivational metaphor: not only Dawkins' "selfish gene" but such words as "competition" and "self-interest", harking back to Herbert Spencer's ambiguous 19th century phrase "the survival of the fittest".

Even a moderate of the new school such as Matt Ridley can write that it does not matter to us why a man saves a drowning companion. He is "under the orders of his genes". It is the deed, not the motive, which counts.

"This language is quite out of control, this metaphor and melodrama," said the moral philosopher, Mary Midgley, formerly at Newcastle University. She accepts that morality is evolution-based but severely criticises attempts to reduce morality to biology, such as the statement of the American sociobiologist E.O. Wilson that morality has "no

other demonstrable ultimate function but to keep human genetic material intact".

Some people, particularly in the US, still reject Darwinism on naive Creationist grounds. But today, according to Midgley, the real dispute is not between science and Christianity but between "reductionists and obscurantists".

Ridley maintained, however, that the Church is still claiming a monopoly on the interpretation of the theory. For John Polkinghorne, a former professor of mathematical physics and now an Anglican vicar, the theory of evolution is evidence not of blind chance, but of a continuing divine creation. Humans, he adds, have access to real facts and knowledge beyond those elaborated by science.

But perhaps the greatest obstacle to modern Darwinism is what Robert Wright

Discoveries include: men prefer younger wives and we tend to eat too much sugar

has called its "largely sordid history of application to 'human affairs'". Ken Binnmore, an economist at University College London, says sociobiologists are still being attacked as "fascist dinosaurs peddling the eugenicist fifth of the social Darwinists of Victorian times".

Older scientists are acutely aware that the theory of natural selection (the "survival of the fittest") has been hijacked and distorted to justify imperialism, racism, euthanasia - and ultimately genocide.

Maynard Smith, who is old enough to have seen Hitler giving a speech in Berlin, says his sensitivity to the dangers of fascism was one

reason why he left human behaviour alone and stuck to the sociobiology of animals. A similar sensitivity stops him - unlike Dawkins - from preaching atheism in public.

The political rumour was revived by some of E.O. Wilson's more extravagant statements in the 1970s and more recently by geneticists who imply they can identify genes for intelligence, criminality, homosexuality and other behaviours. For critics with leftist views, such as biologist Steven Rose at the Open University in England and Richard Lewontin of Harvard, this "neurogenetic determinism" seems like a dangerous descent into the errors of the past.

Political context still matters. The collapse of old ideologies has left a vacuum in which new ideologies may thrive. The victory of "self-interest" capitalism over state socialism, the trumpeting of individualism over society, the trades against the corrupting influence of the welfare state, all would seem to draw scientific sustenance from a Darwinian theory of human nature. The free market and commercial competition can easily be presented as the embodiment of natural selection.

Evolutionary psychologists want to moderate all that. Although sociobiologists in fancy dress, and without their own zealots, they are presenting a strenuously modest - and moral - face. They denounce genetic determinism as a tired old heresy and celebrate the fact that nature made us altruists (in the biological sense of the word).

Their objective is the territory occupied for 50 years by social scientists (who resent the intrusion) and the last 100 years by social engineers who believed that human nature was profoundly malleable. They promise an antidote to political correctness, a rebuttal to the grader kind of feminism and a challenge to purveyors of "multiculturalism".

They teach that at some basic level our behaviour can be scientifically explained by our evolutionary history: our affections and fears, our sexual preference, tribalism, love of status, notion of beauty, our sociability, creativity and morality itself.

They predict - and claim some evidential confirmation - that all cultures have beliefs and systems in common. Building on relatively recent work on animal societies - by W.D. Hamilton at Oxford and Maynard Smith among others - they claim to provide insights into those human tendencies which we can modify only by conscious effort.

"I think it's a reflection of the age," said Geoff Mulgan, director of the London think-tank Demos and a recent convert to evolutionary psychology. "I would be wary of making political read-offs, but it certainly undermines the cruder notions of the past - that human nature is either open to engineering or is composed of brute instincts that need to be kept in check by authority."

Other outsiders say the new movement cannot be judged until it comes up with more concrete theories. So far, many of its "discovery" have been unsurprising: that testators of babies are much more likely to be stepfathers than real fathers, that men prefer younger wives and women older husbands, that we tend to eat too much sugar and fat.

Given the enormous influence of education, example and experience in human development, the question is whether evolutionary psychology will be able to add much to what every doctor, advertising copywriter - or social scientist - already knows. As the writer and pundit Michael Ignatieff observed recently, the more ambitious evolutionary psychology gets, the more interesting it will be - and the more likely to be wrong.

The new sociobiology wants to leave plenty of room for cultural factors. Wright says of the new paradigm: "A Darwinian world needn't be an amoral world." Maynard Smith extends a cautious welcome and hopes that biology and sociology will this time learn to co-exist. But he wonders about the political agenda.

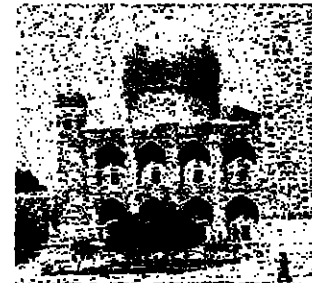
"We should not just accept moral beliefs but also the need to convey these beliefs in poetic language," he said. "Humans do need myths, poetry and beliefs as well as scientific reason. You can be moved by *Macbeth*: it's irrelevant whether it really happened or not."

Perhaps cultural resistance to Darwinism is itself an evolutionary tendency which neo-Darwinists can explain. In the meantime, the layman's mistrust - of scientists, not of science - will not make a bloodless completion of Darwin's revolution easy. Just as we employ art critics to guide us through the jungle of aesthetics, perhaps we should create science critics to help us separate biological fact from rhetorical fancy.

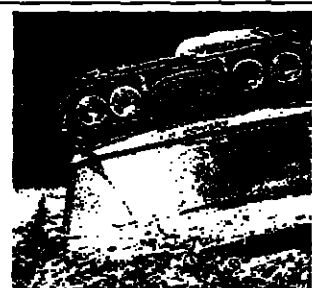
Are there any unemployed philosophers out there?

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'Restoration' in Samarkand
'It looks like a bathroom... They didn't need to touch it. It looked fine as it was. It just looked old.'



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'Advertising never mentions that the adventure can include hostilities with walkers and horsemen.'



Page IV Stanley Ho
The biggest gambler in Macao
'Nowhere is so much business power held in the hands of one man. And never have the risks seemed greater.'

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Byron - the 'mad, bad' poet
'He would have been famous had he never written a line, but his poetry was also the guiding light of European romanticism.'

Page III Joe Rogaly
Privatisation for the public
'It could be that the privatised utilities might become less unpopular if they are seen to be run with the public interest at heart.'

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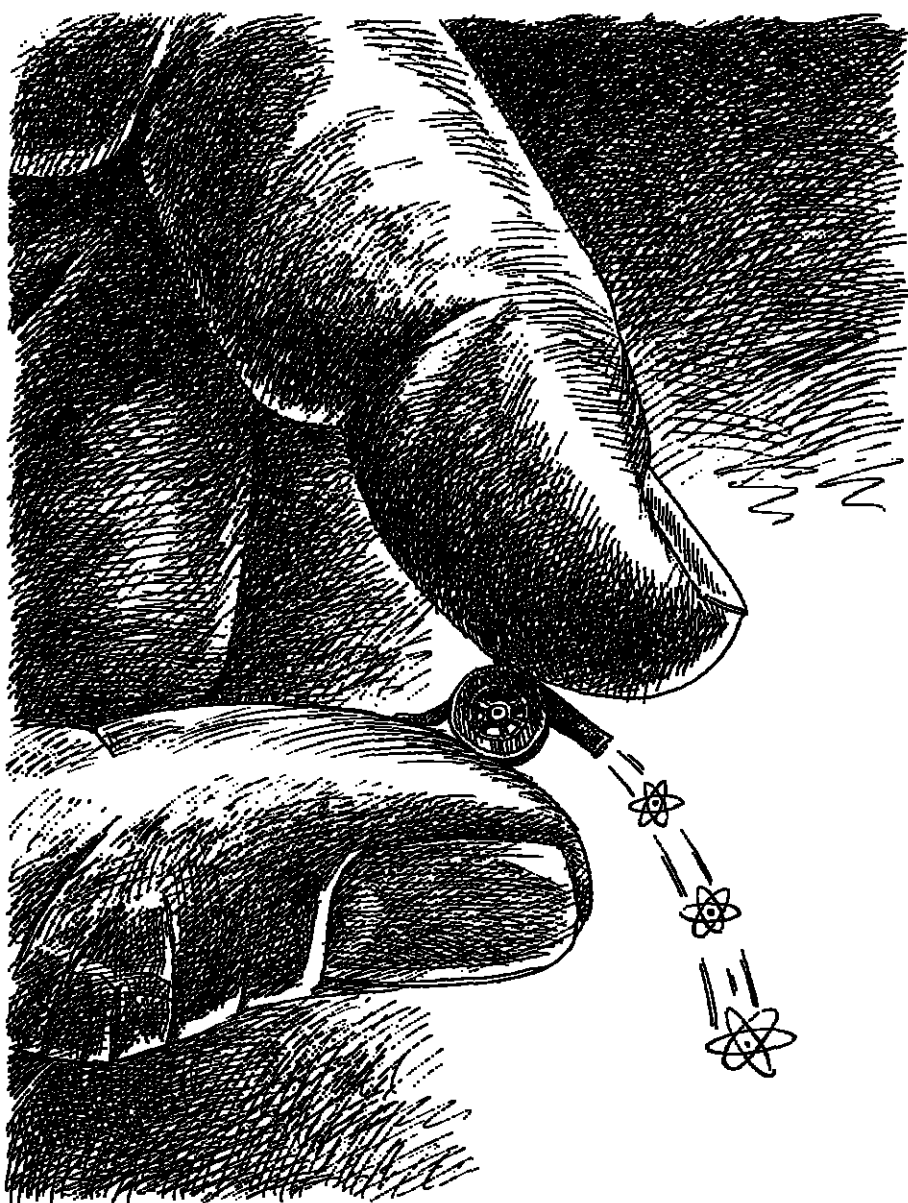
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PERSPECTIVES



The Nature of Things

Einstein's baby is finally born

Atom lasers are a new solution looking for a problem, says Clive Cookson

Scientists in the US have built the world's first atom laser. Not the by-product of Star Wars research, but more likely to be used to make the chips at the centre of your television and washing machine in the middle of next century.

Just as a conventional laser beam consists of photons (light particles) tuned to an identical wavelength, the atom laser fires pulses of atoms (particles of matter) in perfect step.

The device, made by Wolfgang Ketterle and colleagues at the Massachusetts Institute of Technology, is a rudimentary prototype, with no immediate practical application. But atom lasers may eventually give scientists and engineers the ability to manipulate minute amounts of matter with a precision that would otherwise be impossible to achieve. They may turn out to be just the tool nanotechnologists need to lay down extremely fine structures in fields such as electronics.

No one knows how useful the atomic laser will be. Its likely applications are as difficult to predict as those of the first laser 40 years ago. Who would have forecast

then that lasers would be used to read music off compact discs or scan bar codes at supermarket check-outs? Indeed, for the first decade after its discovery, the laser was regarded as a scientific curiosity, a "solution in search of a problem."

The atom laser makes use of an exotic new "state of matter", the Bose-Einstein Condensate (BEC), in which vast numbers of atoms lose their separate identities at extremely low temperatures and merge into a gigantic super-atom. Its existence was predicted in the 1920s by two great theoretical physicists, Albert Einstein and Satyendra Nath Bose, but it was not made until 1995, when scientists at the Joint Institute for Laboratory Astrophysics in Colorado managed to cool thousands of atoms of the rare element rubidium to a temperature just 20 billionths of a degree above absolute zero (-273°C).

To understand the nature of an atom laser, we have to invoke quantum theory and, in particular, the "wave-particle duality" which becomes apparent on extremely small scales.

Any particle also behaves as a wave. Photons are so tiny that their wavelike

behaviour is always evident when physicists study beams of light. Atoms are far larger than photons, so they normally act as straightforward particles. However, close to absolute zero - at which all internal activity stops - the quantum waves of individual atoms spread out and overlap. The atoms lose their identities and behave as a wavelike whole, the BEC.

The MIT researchers created a BEC, a blob about a millimetre across containing several million sodium atoms, in an ultra-cold magnetic trap. Then they discovered a way to eject laser-like pulses of the BEC, by changing the magnetic field.

The final test was to make two separate atom lasers and let the pulses overlap. The result, published in the journal *Science* last month, was the classic interference pat-

tern - alternating pale and dark stripes - of overlapping waves. Ketterle and colleagues had proved that their atom lasers were "coherent", just like a pair of light lasers with the same wavelength.

Atom lasers are, however, different from light lasers in several fundamental ways. For a start, the photons in the latter always travel at the speed of light while atoms in the former move far more slowly. Indeed, in the first MIT atom laser, the pulses drip gently out of the magnetic cage under the force of gravity, like drops from a tap.

Another limitation of the atom laser is the need for an ultra-cold starting material (achieved in only three laboratories, all in the US). And whereas a conventional laser can travel through air at atmospheric pressure, the atom laser requires a high vacuum.

Remember, though, that the atom laser is at the start of its development. Scientists will overcome many of its limitations. For example, they will be able to boost the atom laser's power and give it a stable, continuous output, though no one knows how this will be achieved.

Once reliable atom lasers are available, it should be possible to develop the atomic equivalent of the lenses that focus light beams. Then, any application that uses beams of atoms might benefit from the more sharply focused output of the laser.

The atom laser could be the ultimate printing device for ultra-thin lines, such as those required for micro-electronic circuits. Today, these are written by means of microlithography, a technique that uses a mask or stencil to control where light or atoms land on a surface, but they might be laid down directly with an atom laser.

Ultra-precise measurements are another likely application; atom lasers could, for example, make atomic clocks more accurate. Even more speculative is the idea of atom holograms, three-dimensional images made from matter instead of light.

However, the atom laser is most unlikely to be used as a weapon. Although the device has a somewhat Star Wars-like ring to its name, scientists can foresee no such aggressive application. For space battles, the light laser is far superior.

Who would have forecast then that lasers would be used to read music

Minding Your Own Business

Snookered but not for long

Clive Fewins on the salvage of an antique and reproduction billiard table company after a devastating blaze

Travers Nettleton is unlikely to forget the significance of November 5 1996. The Berkshire headquarters of the antique and reproduction billiard table business he had built up over 10 years was reduced to little more than a pile of ashes. A fire resulted in the loss of 120 out of nearly 300 billiard tables the company had in stock, with overall damage amounting to around £1.4m.

"Some of the antique tables were worth up to £70,000, while some of the accessories - such as inlaid scoreboards in exotic woods with irreplaceable Victorian mechanisms - were more valuable than some tables," said Nettleton, 55. "It was almost like losing a family."

Fortunately the cause of the blaze at Sir William Bentley Billiards - an electrical fault - was quickly discovered and the insurance company accepted liability.

Nettleton has been a life-long enthusiast of fine wood craftsmanship and old billiard tables have held a fascination for him since his youth.

Nettleton was in Africa when the fire occurred. He travels the world selling his company's restoration services and buying old tables, many of which may have originated in England up to 200 years ago.

He returned on November 10 to be greeted at the airport by his wife, daughter

and son Travers junior, 24, who is his right-hand man. They told him that the company's headquarters of the past six years had been destroyed. The fire had smouldered for four days and destroyed the 15,000 sq ft main store and workshop in the converted agricultural building near Hungerford, Berkshire.

The immediate salvage operation and task of finding a temporary home for the workforce fell to Travers junior. He rented an industrial unit at Pewsey, 10 miles away, and set about completing a big order that had to be with the client the following week.

"I wanted father to know this job was complete and that production was back on the road. I knew he would be worried about this after getting over the initial shock," he said.

Nettleton said: "Once I knew there was no human injury the first thing was to look after the workforce. They have shown wonderful loyalty over the years and I was determined to keep them all employed."

"It was also a very testing time for my son, but he rose to the challenge."

A spare section of the adjoining farm building that is still used as a showroom was pressed into use as an office, while all the main production work was transferred to Pewsey.

Nettleton said he hoped production would return to its former site in mid-1997.

The company's newly installed computer system and database was destroyed in the fire and all paper records lost, but the Nettletons and secretary Sally McNaught-Davies were able to recall the order book.

"Another positive side was that our overseas customers did not know of the fire so we did not have a clutch of them phoning to ask if we would be able to fulfil our orders," Nettleton said.

"Once we had successfully completed the one urgent order we contacted other people on the waiting list. One man from the US, who had paid us a large sum in advance for a £70,000 table which we had completely renovated, was amazingly understanding when we explained that it had been lost in the blaze. He said he would be happy to accept a reproduction table at the same price, and allowed us six months in which to manufacture it."

Nettleton, who is a sole

trader and the company's only director, hopes the financial implications of the fire will not be too long lasting.

"My private reserves and the insurance money should tide us over," he said. "The staff at Lloyds bank, which has been very kind to us over the years, were understandably not prepared to give me a loan as I was unwilling to offer any security."

Turnover for 1996-97 to the end of January reached a record £1.2m, as forecast, with gross profits estimated at £192,000. This compares with a 1994-95 turnover of £355,800 and gross profits of £71,000, and for 1995-96 gross profits of £121,000 on turnover of £806,000. "I will be surprised if in 12 months' time we will not be in an even stronger financial position," Nettleton said.

"Nevertheless, the fire was a great tragedy. Most of the stock that was destroyed was new or already renovated. Thousands of hours of original work has gone. Some of the tables were unique pieces of craftsmanship and had mechanisms that a clockmaker would be proud to have created. It was my personal collection I had gathered from all over the world. There were tables I had never been prepared to sell."

It is hoped that the success of the company's roll-over billiard/dining table and another with leaves that pull out before the height is



Life after the fire: Travers Nettleton's company is back on track with a little help from his son

Tony Anderson

raised by a winding mechanism, will enable further expansion. Both models are based on traditional designs with modifications to incorporate modern engineering.

"These reproduction tables are proving very popular in the US, although we have

sold to 74 countries altogether," Nettleton said.

"The Americans still perceive the British as master craftsmen. Our US clients like to fly here and then charter a helicopter. However, until we get production going on the farm again we

are not over-keen to entertain many of them here.

"In building these new tables to traditional quality and specifications we like to think we have rekindled some of the latent craft skills that exist in this country."

"When our many German customers admit that they come over here to see real quality it gives me enormous pleasure and new heart."

■ Sir William Bentley Billiards, Standon Manor Farm, Hungerford, Berkshire RG17 0RB. Tel: 01488 681711.

Gardening

Staying faithful to the wallflower

Give this old family of flowers a patient chance, says Robin Lane Fox

While you have been exchanging Valentines, I have spent the day among the wallflowers. After your Valentine experience, you may well want to join me. Wallflowers symbolise faithfulness after rejection in love. In my case, they symbolise faithfulness after years of a rather bad press.

Wallflowers tend to evoke the same reaction as dahlias. They are sometimes dismissed as part of an old style of formal bedding which we have all been educated to give up. They are thought to be too harshly coloured and too much bother. Who wants to fiddle around with plants which lose their lower leaves in the winter and are supposed to look their best by the hundred, arranged in blocks of colour?

But wallflowers can be dotted down in the bare spaces of a herbaceous border out of season and then removed without deep disturbance in mid-May, when the border is starting to grow away. I have blessed this advice since I first read it as it doubles the season of bare flower beds and does

not require so many dozens of plants. A regular dotting of individual specimens will lead the eye down a border's length, especially if you extend them into the middle and central rows.

Wallflowers have had a very rough run of seasons lately because they hate the dry summers and autumns which check their growth. I have learned to water ours well into September to build up proper bushes. I have also learned not to move them until early spring on my light soil, where they otherwise dislike the drought before the Christmas frosts.

Mid-February is an unexpectedly good time to take the plunge with them. It does, however, run one troublesome risk. By now, wallflowers are bushy plants which are hard to lift and move in quantity with sufficient



soil attached to their roots.

There are some good buys around among unsold wallflowers in small, country nurseries, but try to buy them for immediate lifting from open ground. If they have already been lifted and shaken clean, the bunches may be cheaper but the rate of survival will be lower.

Much the best effect comes from selected, single colours. I do not care for the usual

mustard-yellow, which dominates most of the mixtures. The dark blood reds and scarlets are the best shades but the ivory white variety would run them close if only it was more vigorous.

In isolation, through the fresh green of emerging border plants, you would also like the unpromising Purple Queen. If you have a spare day for some impulse planting after lifting from open ground, you can attempt it at any time between now and mid-March. Some years it works better than others, depending on the weather.

Wallflowers look better scattered informally rather than in concentrated blocks. If you want a simpler life you should opt for the perennial forms. None of them is long-lived but they are offered nowadays in ever-increasing variety.



They all root remarkably simply from cuttings taken after flowering. Parent plants become untidy or straggly after two or three years. Cuttings are the way in which to multiply them for grander schemes and keep them alive indefinitely.

Until recently, we distinguished between

rather slow to pick up on this group's revival. Think of them all as perennial wallflowers which prefer dry, poor soil, and you can then leave the niceties to the legislating botanists. More than 30 different forms are now listed in Britain but I am already confident of my favourites.

Among the lavender-to-mauve range, the most famous is the strong Bowles Mauve, which grows vigorously to quite a height and is a strong companion for tulips. It is an excellent backbone but I prefer the colour of the lesser-known Mrs L K Elmhirst, which also has an excellent scent.

The vivid orange and yellow forms are too much for me but I am extremely fond of the multi-coloured varieties which are shaded with grey, yellow and purple in a charming kaleidoscope. Here, the winner is John

Codrington, a fine memorial to a great gardener who had such an eye for planting and design well into his eighties.

His memorial wallflower is now widely spread through nurseries. When you see it on sale next month, take it on trust as an enchanting buy for a front garden, paving or a dry wall. Plants die back after two years but cuttings are easy. The natural pair for it would be one of the old double red forms like Bloody Warrior.

Stay faithful in adversity and give this old family of flowers a patient chance. Sometimes the winter hits them. Sometimes they resent transplanting. Sometimes the old varieties die before I have taken cuttings in reserve. They are, however, a source of one of the great scents of spring: it takes more than a brief change in fashion to dislodge them from British gardens, where they have been such favourites for nearly 1,000 years.

Checklist No 1147: 4 Erysimum cheiri, 4 Bowles Mauve, 4 Mrs L K Elmhirst, 4 double red, 4 double yellow, 4 double purple, 4 double white, 4 double pink, 4 double blue, 4 double orange, 4 double green, 4 double brown, 4 double grey, 4 double black, 4 double silver, 4 double gold, 4 double bronze, 4 double copper, 4 double iron, 4 double tin, 4 double lead, 4 double zinc, 4 double nickel, 4 double cobalt, 4 double chromium, 4 double manganese, 4 double calcium, 4 double magnesium, 4 double sodium, 4 double potassium, 4 double barium, 4 double strontium, 4 double yttrium, 4 double zirconium, 4 double niobium, 4 double molybdenum, 4 double technetium, 4 double ruthenium, 4 double rhodium, 4 double palladium, 4 double silver, 4 double cadmium, 4 double indium, 4 double tin, 4 double antimony, 4 double tellurium, 4 double selenium, 4 double arsenic, 4 double germanium, 4 double gallium, 4 double zinc, 4 double copper, 4 double nickel, 4 double iron, 4 double cobalt, 4 double chromium, 4 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PERSPECTIVES



Joe Rogaly

Small steps to perfect privatisation

Labour could make a difference with a long series of decisions on regulation, rather than outright restructuring

Britain's Conservatives developed privatisation praise be. Labour could entrench it. This might seem topsy-turvy, but let me explain. Last week I argued that the sell-off of state assets was a Tory triumph. In flew a letter from John Harper. My article had "saddened" him. Privatisation and competition had had very much less effect than they were given credit for.

Mr Harper served as a senior manager in the telecommunications section of the old Post Office and then in British Telecom. He strikes me as a true public servant, the sort that is going out of fashion. We must respect what he writes.

It turns out that that is a book, to be published by Cassells next month. *Monopoly and Competi-*

tion in British Telecommunications shows that many of BT's achievements as a private company built on decisions taken before it was denationalised. Geoffrey Owen, a former editor of the FT, acknowledges this in a foreword. In the 1970s productivity growth in the state-owned monopoly was not much different from what was achieved after privatisation in 1984.

Sir Geoffrey also makes my original point, which is that denationalisation was a major policy achievement of the Thatcher government of the 1980s. He mentions deregulation in the same breath. I am perplexed about that. Reform of the regulatory regime is promised - or if you prefer, threatened - by New Labour. Some of it could be beneficial, could it not?

We shall see. First let us stick with Mr Harper's thesis. He does not call for putting the clock back, but questions the British policy of promoting competitive telecommunications networks. He would prefer messages to be carried by a single regulated public utility. Competition would be among service providers. Cellphones would be free to operate as they do now. The conception is familiar to Americans. I suppose the British analogy is Railtrack owning the track, franchisees running trains, airlines planes.

This is precisely what Don Cruickshank, Britain's telecommunications regulator, argued against in a speech in the US this week. "I regard the provision of competing access networks as vitally important," said Mr Cruickshank. Mr Harper says

that this has made it more difficult for competitors to break BT's dominance. Bouncing the ball back, you could say that competition between separate networks would do away with the need for regulation.

I am not qualified to judge between the Cruickshank and Harper strategies. An incoming Labour government should be. While Cruickshank has been emphasising his preferred way, Harper has been writing, and whispering in the ears of any politician who would listen.

Does his line stand a chance? Restructuring a privatised utility is not unprecedented, as any British Gas shareholder can tell you. Those of us who insist that the overall thrust of Lady Thatcher's policy was right should be willing to accept that

there have been flaws in carrying it out. Still, it would be surprising if a Labour government confronted BT with a proposal to break it up.

Wait, you may say, what about the windfall tax? Labour's determination to impose this one-off levy was signalled yet again by the shadow chancellor this week. This will come if the people's party wins the election, and I will cheer it on - doubly so if the lottery operator Camelot is caught in the net. But the utilities are ready for it. They will yelp, but without credibility.

Restructuring would be serious. It devours or slices off whole chunks of a business. A windfall tax would be a gnat's bite. Changing the regulatory system falls in between. It could make a huge difference to the

businesses. It is likely to happen under any Labour administration. At the extreme, the railways could be put under almost as much civil service oversight as if they had not been denationalised.

Let us cast this last picture aside as out of tune with the Labour leader's desire to be seen to have embraced the market. There is still plenty for the privatised boards to brood about.

The people's party would attach advisory councils to the regulatory offices now run by single individuals. They might meet in public. The party has spoken of the addition of consumer interests as a primary responsibility of the ladies and gentlemen who watch over monopoly utilities. It should designate environmental good

behaviour as a similar grade-A duty. The famous pricing formula, inflation minus X, could be changed.

This pattern fits in with my preferred theory of how Labour might make a difference. Nothing immediate or dramatic need be expected, just a long series of relatively small decisions. Each one might be justifiable in its own right. Over some years, that could transform the scene.

Believers in private enterprise need not quail at this thought. The transformation would not necessarily be from a relatively light regulatory touch to quasi-regulation. It could be that the privatised utilities might become less unpopular if they are seen to be run with the public interest at heart. The Tory bequest would be secure.

Warlords of cultural restoration

The splendour in Samarkand is overwhelming but suspiciously shiny, says Sander Thoenes

Only in a dimly lit and stark domed crypt, made of nothing but plain red brick, did I find shelter from the mind-boggling splendour above. When my eyes had adjusted to the dark, I noticed a marble slab at my feet, a modest commemorative to Amir Temur, better known as the brutal conqueror Tamerlane.

The cellar of the Gur-i-Mir mausoleum in Samarkand is probably the only trace of modesty Temur left behind when he reigned across much of Asia six centuries ago.

In an octagonal hall on the ground floor, above where I am standing, Temur's grave is marked by a dark green block of jade, reputed to be the largest in the world. It rests on an onyx floor, a sea of green stone from Iran, that also covers the walls, and is topped by a dazzling cupola covered in goldleaf and bright blue paint. Outside, a ribbed azure dome rises like a balloon above the brightly tiled facade.

It was not so much the superlative splendour that had overwhelmed me. It was more the sad realisation that I had arrived too late. Had I come just a few years earlier, I would have been looking at the real thing. Less splendid but real.

The two minarets and part of the facade outside, their clean yellow bricks in sharp contrast with the faded beige stones below, are brand new. The paint on the cupola's ceiling is fresh and painfully bright, the slabs of onyx are shiny and, in the corners, do not quite match.

"It looks like a bathroom,"

gasped Michael Lane, head of the Unesco office in Uzbekistan, with the pained look of a father who finds his son has spray-painted his 1933 Bentley.

"They didn't need to touch it. It looked fine as it was. It just looked old."

I could only sympathise. For a moment I, too, thought I had landed in the bathroom of one of the New Russians - or New Uzbeks in this case - the *nouveaux riches* who struck it rich in the break-up

'It looks like a bathroom,' gasped the head of the Unesco office in Uzbekistan

of the Soviet Union and gained fame for their love of kitsch and glamour.

In celebration of the 680th birthday of Temur, a Mongol warlord chosen to replace Lenin as father of this newly independent nation, Uzbekistan last year embarked on some of the more drastic and controversial restorations in modern history.

In a matter of months, thousands of construction workers have restored and even rebuilt parts of the famous Registan ensemble of madrasahs, Temur's mausoleum, the Bibi Khanym mosque and several other grand monuments he left behind in the city of Samarkand.

At Bibi Khanym, much of it is a ruin for centuries, builders are working at a pace not seen since Temur's days, least of all in the Soviet era.

They have every intention of continuing until the mosque looks just like new, even if that means discarding traces of the past.

"We did a grandiose job," says Ikrom Rashidov, deputy hokim, or governor, of the region and a fan of Soviet clichés. "Samarkand received the Order of Amir Temur. One of the most active restorers was ordained Hero of Uzbekistan. The Samarkandi can be proud of guarding their heritage for 600 years. Gur-i-Mir has changed beyond recognition."

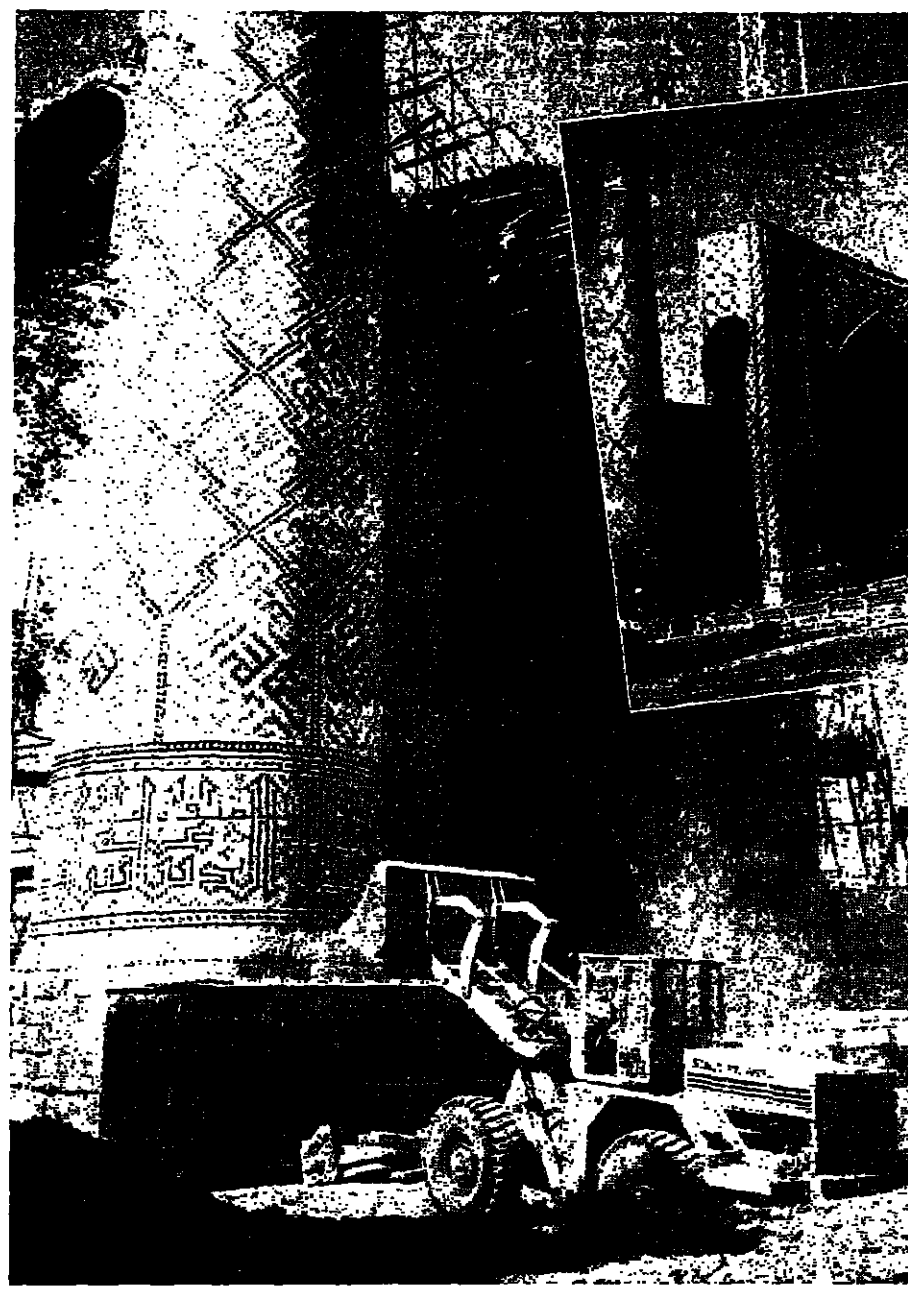
To Lane and many other Uzbek and non-Uzbek historians, that is exactly what is wrong with the restoration of Samarkand's monuments. To them, the rapid and drastic restoration, and especially the decision to rebuild monuments that have been ruins for half a millennium, amount to archaeological blasphemy.

"It's not all bad. There are good examples there," Lane hurries to say, fearful of insulting a government for which "touchy" would be an understated adjective.

"Many of these monuments were on the verge of total collapse. If they hadn't acted when they did, we would have nothing to talk about now. They would have disappeared," he says.

"We're not here to criticise. We're on their territory. But when part of the building has totally disappeared and you have no evidence of what it looked like, you would not be justified in rebuilding it from conjecture."

"When you are talking about monuments that are so important, they should be restored and conserved



Just like new: the Bibi Khanym mosque (above) and the restored Registan ensemble (above right)

with enormous care."

This is cultural snobbery, as far as Samarkand's chief architect, Khabib Kayumov, is concerned. "There are a lot of different approaches to restoration, and they all have a certain validity," says Kayumov, behind a table that sports a broken tile from Gur-i-Mir, shaped like a sun and covered with flower patterns.

"And our restorers knew about all those methods. But every people have monuments that are the essence of their self-consciousness, and those should be restored completely and passed from generation to generation."

"You can't imagine the Kremlin in ruins either, can you? Or Notre Dame half built?"

Rashidov, the deputy governor, adds: "We often hear from foreign experts that it's better to conserve than to rebuild."

"But if it's possible to recreate what was there, for our descendants, for our people and their collective memory, it's better to rebuild. Ruins don't carry that historic weight."

He has a point. How many people see anything but a few toppled pillars at the Forum in Rome? As I stood in the centre of the Registan

ensemble, squinting at the sun, I could easily imagine the fierce warriors of Tamerlane lurking in the shade of the balconies of the Tilla Kari madrasah. And was that Mir Said Berkeh, his spiritual mentor, squatting in prayer in the Golden Mosque?

Then again, some tourists might feel cheated when they fly all the way to Samarkand to gaze at what look like Hollywood props.

Kayumov insists that extensive historical research has provided sufficient clues to justify the reconstruction, and points out that whenever it did not suffice, he did

not rebuild anything.

"Only if our research confirms the function, height and appearance can we talk about reconstruction," he says. Only the two front minarets of the Gur-i-Mir were restored, he explains, and not to the full length because the shape of the balconies which topped them is still in dispute.

Unconvinced, Unesco has threatened to keep Samarkand off the list of World Heritage sites, which receive special funding.

Some Uzbek restorers admit privately that they, too, are horrified, but they will not speak out for fear of losing their jobs, or more. A pensioner who protested at the razing of the old quarters in the capital of Tashkent spent 143 days in the basement of the city jail.

The tight deadline for Temur's 680th anniversary, last October, left little time for discussion and study. Especially in the last months, construction workers laboured round the clock.

Temur, too, was in a hurry. He wanted to leave his mark on history, and he liked his marks big. In Samarkand, where he held court, hundreds of artisans captured on his campaigns rushed to build the giant Bibi Khanym mosque in just five years.

When he visited the site and judged the entrance gate too small, he tore it down,

hanged its architects and started anew.

Soon after the mosque opened, however, cracks appeared in the oversized walls, tiles tumbled down and eventually the top of the entrance caved in. By the time the Bolsheviks moved in, little was left but the main temple and the pillars that had failed to buttress the arched entryway.

Will the newly resurrected monuments stand the tests of time and earthquakes any better than Temur's originals? At Gur-i-Mir I tripped over a new threshold and a brick came loose.

At the construction site of Bibi Khanym, one worker points up at the concrete archway that rests on newly laid bricks 50 metres high. "We built it too fast, too sloppily," he says. "Because we don't have enough skilled labourers we are using any old hand we can get. In 10 years we will have to do it all over again."

On an incline in the centre of town, an oversized bronze-coloured plaster Temur sits on his throne, his hands leaning on the sword that shed so much blood, his eyes shed on the newer, brighter copies of his heritage. From afar his cruel eyes appear to approve.

But when I moved closer to his knees and looked up, I could not help but notice that his eyes appeared to bulge in shock, his eyebrows raised in indignation.

Dispatches

The poetry of an Irish pint

Kieran Cooke on an issue which brought tears to the eyes of strong men

When the price of a pint of stout went over 2/6d, my uncle declared enough was enough. "There is no pleasure left any more for the ordinary working man," he said, gloomily pushing the poker round the ashes in the hearth. "What's the use in drinking if you have to count the pennies all the time?"

The next day he took the pledge. Three months later, the price of a pint had risen to nearly four shillings. My uncle was mortified - and decided to start drinking again, saying the shock of the whole sorry business was too much for him.

There was an evening's embarrassment when he returned to his usual seat at the bar. "I felt like the fellow who left for America but then missed the train on the way to the boat," he said.

However, soon the routine had been re-established and my uncle's bout of temperance was forgotten. Every Friday, Saturday and Sun-

day evening at 9pm he'd get up from the kitchen table, examine his pocket watch with a "Goodness me, is that the time already?" expression and take his brown trilby from the hook behind the door. "No need to wait up," he'd say each time he disappeared into the night.

Nowadays, Ireland's drinkers do not give in so easily to increases in the price of the national beverage. In Dublin a pint now costs about the same as a halfway decent bottle of wine in France. In The Old Chinaman, in the city centre, a pint of Guinness is £1.80. At The Hairly Lemon, just around the corner, the same pint will set you back £2.25p.

Seasoned drinkers say such prices are all the pocket can stand. Yet recently, ugly rumours started drifting through the city. Some bars were quietly adding another five pence to the price of a pint.

A formidable drinkers' lobbying machine sprang into action. Morning news bulletins carried tearful inter-

views with distraught tipplers. National newspapers splashed the issue over their front pages.

The furore was heard up and down the land. Forget membership of EMU, RSE and Northern Ireland. A line had been drawn on the bar room floor.

People were willing to sacrifice everything to stop

People were willing to sacrifice all to stop another penny on a pint

another penny on a pint. Politicians, sensing the national mood, made an all-out assault on greedy publicans. John Bruton, the prime minister, was described as being apoplectic and threatened pub owners with an everlasting price freeze if remedial action was

not taken. Other worthies, some of them confirmed teetotalers, joined in the assault against the bar trade.

Eventually, the publicans caved in. They accused the media of blowing the issue out of all proportion. Prices, like a settling pint, stabilised.

A bar stool commentator at Neary's, just off Stephen's Green in central Dublin, explained events to a group of tourists with all the gusto of a general describing a daring victory on the battlefield.

"The Germans fight for the Deutschmark. The Spanish take to the streets if the price of fish goes up. The Italians will do anything to preserve the right to drive a car. For us, the pint is sacred." (Here a pint was offered and gratefully received.)

"Once we can no longer afford to have a few pints of stout a night we might as well pack it in - declare war on Luxembourg and surrender immediately."

The tourists looked puz-

zled - and a little drunk. They had just finished a literary pub crawl round Dublin: five pubs, five pints and more than £10 out of pocket.

"Why do you want to make war on little Luxembourg?" asked an earnest Austrian. "I don't understand about the Spanish fish," said a girl from Madrid.

The conversation moved on to a multilingual discussion about the merits of drinking large amounts of dark liquid each night. The Austrian pointed out that the drink seemed to have had a bad effect on his friend who had lost the literary trail somewhere and was last seen following a group of Icelandic shoppers into Marks & Spencer.

The bar stool decided it was time to end the frivolity. "As Flann O'Brien, one of our great wits, said: 'When money's tight and is hard to get/ And your horse has also ran/ When all you have is a heap of debt/ A pint of plain is your only man.'"

And my uncle is still drinking.

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Welsh National Opera

Soft focus on the 'mad, bad' poet

A biography of Byron dressed up in 1990s prejudices is risible, argues Jackie Wullschlager

Among literary lives, none is more enthralling than Lord Byron's. He had everything - aristocratic glamour, sexual magnetism, peerless wit, political passions, an adventurous spirit. As the living model of his own Don Juan, he was the last, most sensational of the nobleman-rakes who died out with Victorian prudery in the 1830s. As one of the first champagne socialists - he thought only lobster and champagne acceptable for women to consume in public - he lived fast but was fuelled by a fierce instinct for justice, and he ended his life at 36 in Missolonghi fighting for the Greeks against their Turkish oppressors.

He would have been famous had he never written a line, but his poetry was also the guiding light of European romanticism. His haughty, brooding profile launched the term Byronic and defined for two centuries our idea of the Romantic hero. No wonder, then, that over 200 biographies have sought to understand him: like a classical myth, Byron's is one of those lives which each age uses to interpret itself and its attitude to history.

George Gordon Byron was the great-nephew of a grandee known as The Wicked Lord whose descendants were so wild that the direct line died out, and he inherited the title at the age of 10. Born in 1788 in a boarding house on the site of the present John Lewis department store in Oxford Street, he lived at first in genteel poverty with his mother. His father, exiled abroad for debt, acknowledged his existence *en passant* in a letter - "For my son, I am happy to hear he is well; but for his walking is impossible, for he is club-footed" - and soon dropped out of view. Grosskurth makes much of Byron's lameness and this early desertion as encouraging his self-image of an outsider, and as offering him proof - for he imbibed Calvinism from his Scottish nurse - that he belonged to the damned.

Few young nobles were so hell-bent on self-destruction. Public funds were made available for his education at Harrow and Cambridge; by 1808 he had run up debts of £12,000 (£30 was then a good year's wage) and fathered several illegitimate children. Then his poem "Child Harold" appeared in 1812 and "I awoke one morning and found myself famous".

The darling of London society, he began a string of affairs with flamboyant Whig hostesses. Lady Caroline Lamb, notorious for sending him locks of public hair, became a scourge of vengeance when spurned for the femme fatale Lady

Oxford. With Lady Frances Webster at a house party, he played a *l'histoire dangereuse* game of writing love letters while her husband was in the room.

But standard Regency philandering went of the rails when an affair with his married half-sister Augusta turned out to be the love of his life. Feather-brained and affable, steeped as she was in the Byron inheritance of instability, she understood and cared for him and suddenly found herself pregnant by him. She then hastened him into respectable marriage with a prudish blue-stocking heiress, Annabella Milbanke. Byron's response was "The Corsair", about his love for Augusta; it sold 10,000 copies in a day in 1814.

"Bridegroom more & more less impatient", reported the friend entrusted with delivering Byron to the cere-

BYRON: THE FLAWED ANGEL
by Phyllis Grosskurth
Hodder £25, 289 pages

mony. He arrived a month late, the wedding cake was stale, and the "treacle-moon" a catastrophe. Confined in a small carriage with the snow falling outside, Byron addressed not a word to his wife for hours, then cried out "It must come to a separation". Soon he took Annabella to visit his sister ("Now I have her, you will find I can do without you"); within a year, after intolerable mental cruelty, the marriage broke down.

By then, rumours of incest were rife. Byron was cut dead in London society, and went into exile in Italy and Greece. His great poem "Don Juan", restless, quixotic, lyrical, absurd, vicious in its dismissal of cant, was the culmination of his life and work. "They hate me, and I detest them", he wrote to his publisher. "I mean your present public, but they shall not interrupt the march of my mind, nor prevent me from telling the tyrants who are attempting to trample upon all thought, that their thrones will yet be rocked to their foundation".

Where did this energetic rage come from? Grosskurth's answer, that "all his life Byron lacked what for most of us is a fundamental need - a home... some significant degree of nurturing, security, comfort, consistency and familiarity", seems to me a very limited late-20th century view. The severe failure in this book is Grosskurth's inability to set Byron in the precise historical context which both created and limited him.

As Peter Quennell wrote in his beautiful 1935 *Life*, "at any other period, Byron's energy - his greatest gift to literature - might have found an outlet in war, princely dissipation, state-

craft or the impassioned advocacy of some particularly exacting religious creed. Coming as he did at a time when the prospects just opened by revolution had been suddenly and brutally closed by the forces of reaction, he was obliged to exercise his talents in the personal field. He wanted power, and the reality of power was denied him. He wanted faith; but contemporary Protestantism could not provide the ascetic strain that lurked deep in his nature with the encouragement it needed".

Byron was a worldly, early-19th century aristocrat; Grosskurth's attempt to fix him in 1990s middle-class shrink-talk ("It is doubtful if he was even particularly highly sexed"... "Lady Oxford was also clearly a mother-substitute") is risi-

ble. Oh for a page free of his "single-parent family - with all its attendant problems" or of the agonies of bride and in-laws enduring his delay "without any telephone to forewarn them". Byron's style is sublimely elegant; oh for an editor who had killed such infelicities as "he had to take the bit between the teeth", and ponderous psycho-bites like "it cannot be ruled out that she might have had a profound suspicion that she was not truly loveable".

Here is a biography with little new to say, dressed up in the rage and tatters of 1990s prejudices. Grosskurth is humane to all parties, but her modern interpretations - that Annabella was jealous of Byron's literary success and wanted a dual-career family and some publications of her own, for

instance - are absurd, and her reading of primary material is naive. Byron's late affair with an Italian countess, for example, during which schmaltzy cavalier servente missives were balanced by cynical letters home and outpourings of love to his sister, is introduced by Grosskurth *à la Mills and Boon*: "He was ten days the lovers lost in a passion such as neither of them had ever experienced before... the afternoon shadows lengthened".

No one has summed up the sex-war better than Byron: "Man's love is of man's life a thing apart/ 'Tis woman's whole existence". They should be lines of warning to any biographer who tries to soft-focus the poet on the psychoanalyst's couch.

for the likes of Venya, the greatest experiment of the 20th century had gone spectacularly awry.

As the agonised soliloquy edges us towards Petushki, so Venya's physical and, more particularly, spiritual dislocation becomes complete. The train track becomes his Via Dolorosa and his tortured journey ends in a savage confusion eerily prefigured earlier in the novel when he imagines himself rehearsing all the parts of Othello, "I could've been unfaithful to myself, betrayed by my own convictions", he muses. "Suspecting myself of infidelity I would whisper some really frightful stuff into my own ear". Finally he would take hold of his own throat.

Verofeev the character is ultimately stabbed through the throat with a cobbler's awl. Verofeev the writer, after completing maybe the definitive account of the decline of the Soviet empire, did not live to see its end. In 1990 at the age of 51 he died, in a final shaft of savage irony, of cancer of the throat.

Nicholas Wroe

An unmapped London odyssey

A.C. Grayling sees the city in a different light

A diary, a notebook, a miscellany, prompted by walks through London, with London as its subject and its object, and with a thousand overlappings of art, literature, history, crime and the occult suggested by the places and people encountered on the way: this is Iain Sinclair's record of odysseys through London's many Londons.

It is not an inviting read; it is full of sentences without verbs, full of privacies and unfamiliarities which Sinclair is not minded to explain. It is a trackless, unmapped book for all that it records walks that follow a more or less definite route through London's streets. But it offers some wonderful descriptive prose, some acid aperçus, and a delicious dry wit. It is packed with information too, not a little of it arcane, and some of it unwelcome: for example, news of the devastations caused to the living city by its relentless inhabitants, from vandals to property developers and security men.

Sinclair prefers the river streets of the East End, the pavements of Hackney and Dalston, the life and struggle pushing up and against decay, to the febrile struggles on College Green or Downing Street's iron gates, where TV cameramen jostle to film men in grey suits. His instincts are on the grass-roots side, at odds with artificial order. And he is fascinated to the point of obsession with alchemical, psychic, spiritual significances: with Alan Moore's Sir William Gull he says, "Do you begin to grasp how truly great a work London is? A veritable textbook we may draw upon in formulating great works of our own! We'll penetrate its metaphors, lay bare its structure and thus come at last upon its meaning."

Sinclair's book is a contribution to such an exercise, but it does not claim exclusivity. Anything that mentions Dr Dee, Blake, Chatterton, William Stukeley - anything that would figure in a Peter Ackroyd excursus - is welcomed as one of us; and this includes Aidan

Dun's epic poem "proposing King's Cross as the epicentre for the spiritual rebirth of the city and the nation". But it is not altogether clear whether Sinclair takes mysticisms literally or metaphorically. Commenting on Patrick Keller's film *London* he writes, "he plants his camera at many heart-stopping viewpoints: riverscapes, Arcadian upstream prospects, sun-dappled inner-city courtyards. These alignments were magnificently right (they agreed so closely with my private catalogue: locations where, visited at the right hour of the day, light affects time)."

If one loves a city, and if

LIGHTS OUT FOR THE TERRITORY
by Iain Sinclair
Granta Books £12.99, 336 pages

one knows its history - more accurately: its histories - as thoroughly as one knows its geography, the metaphors endowing it with occult personality make sense. They are metaphors, yet at times Sinclair suggests they are more. Explaining his dissatisfaction with St Paul's - "the humpbacked dowager is too grandiose and self-satisfied, dominating the heights of Ludgate Hill like a baroque power-point" - he gives as one reason the view

that "no vainglorious structure should be erected on a sacred mound". And Ludgate Hill is sacred; it is where Bladud, father of Lud, founder of a School of Mysteries, crashed to earth at the end of his Icarus-like flight from Bath. It is the terminus of a psychogeography, Sinclair says, the "fitting conclusion to an occult map of the city".

This is an autobiographical book, not just in the immediate sense of being the author's diary of walks and observations made during its writing, but in the wider sense: so, for example, Sinclair's London walks reach to the Isle of Wight, and to his boyhood introduction to cinema. (Characteristically, it was stills from famous films that captured his imagination when reading *Sight and Sound* in the school library.)

His vignettes of weird, marginal people - Sinclair seems fascinated by a certain controlled, low-key kind of strangeness and otherness: a shaman, a skateboarding graffiti artist, Jeffrey Archer - help him colour the contours of London's landscape in unexpected ways. The result is an exhausting but educative experience, which recalibrates one's sense of London, and makes one see it anew.



Bladud, who crashed to earth after his Icarus-like flight from Bath

Saint for syphilis

Kieran Cooke on the virulent history of the pox

Poor St Job must have drawn the short straw in the heavenly lottery for good causes. For many years the people of Europe invoked the name of Job to protect them against worms, leprosy and melancholy.

In the later years of the 16th century a terrible, previously unknown disease swept across the continent. The great pox, now known as syphilis, had arrived. Once again, the long suffering Job was asked to come to the rescue. The saint was quickly installed as patron of the hundreds of thousands who came in contact with this deadly new disease.

This meticulously researched and in many ways remarkable book tells the story of the pox in Europe and draws several parallels with modern day reactions to the problems of AIDS.

According to the authors - two based in Cambridge and one in Barcelona - the pox first appeared in Italy in the mid 1490s, a century and a half after the Black Death had wiped out a third of Europe's population.

In the early stages of the disease victims were covered with sores and swellings, variously described as boils, brozoles and bubons. As the pox took hold, its victims presented a sorry sight. A writer in Bologna talked of men and women with features "gnawed away as far as the marrow". A Perugian merchant is described as being so "consumed by this disease between the thigh and torso such that it was possible to see everything inside his body".

The Black Death and the frequent outbreaks of plague that swept across Europe killed quickly. The pox, like many AIDS cases, was a lingering, painful death. The urban poor were most affected. The authorities in Rome, Florence and elsewhere did not know what to do as the streets became cluttered with those suffering from this "strange and horrible" disease.

Meanwhile the medical practitioners and scholars were busy apportioning blame. In 1494 King Charles VIII of France invaded Italy. The Italians were quick to point the finger at the French, naming the pox *Mal Francese* or, in Latin, *Morbus Gallicus*. The French responded by insisting the disease, which in a few years was sweeping up through Germany and into France, as *Neapolitan in origin*.

Others had different theories. Both Jews and Arabs, expelled from Spain in 1492, were readily available scapegoats. Many scholars insisted the pox could not possibly be European, but who could afford it was to drink a concoction made out of the shavings of a rare wood.

As the streets filled with the pox's helpless victims, the physicians in their universities continued to argue and theorise. Eventually, after nearly a century, the pox epidemic in Europe became less severe, overtaken by other plagues and disasters - and leaving the hard working St Job more time to devote to warding off worms and melancholy.

THE GREAT POX: THE FRENCH DISEASE IN RENAISSANCE EUROPE
by Jon Arrizabalaga, John Henderson and Roger French
Yale University Press £25, 368 pages

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Venedikt Yerofeev wrote his bleakly comic allegory *Moscow Stations* in 1969 while working as a telephone cable layer. But he had to wait 20 years before it was published in his native Russia, and then only in the journal *Sobriety and Culture*. Until 1989 it was available only as a samizdat manuscript, but despite its damning assessment of the Soviet Union in the Brezhnev era, there was never much prospect of Yerofeev becoming a celebrity dissident. The profoundly un-heroic *Moscow Stations* features no gulags, secret policemen or psychiatric wards - just a hopeless alcoholic on a train journey.

"A man doesn't just have a physical side, he's got a spiritual side, and beyond that a sort of a mystical side", explains the narrator as he lurches through the Moscow morning. "And here's me, in the middle of the Square, about to be sick any minute from all three sides". This disclosure comes just after an assurance from the Angels of the Lord that he could get a glass of sherry at the station buffet, and just before being thrown out of

Hopeless drunk on an endless journey

the station buffet for requesting one. Alcohol-inspired heavenly voices are nothing new to the narrator, tellingly called Venya Yerofeev, who is on his way to Petushki to see his girlfriend and young son.

It is said that the Russian career alcoholic will drink anything that burns, but anything that burns, but *Moscow Stations* showcases drinking on a scale that makes Jeffrey Bernard look like an occasional dabbler in alcopops. Which Soviet hero of the bottle first slugged sock deodoriser and made it a key element of a Lily of the Valley cocktail? Who discovered that anti-dandruff solution, brake fluid and insecticide would give the necessary kick to a Dog's Gilet?

The tragic answer is that it was probably Yerofeev himself. Stephen Mulrine, in the translator's forward, reports that the novel is

almost entirely autobiographical. These cocktails are based on fact and he even cites a lady friend of Yerofeev who was forced to hide her perfume whenever he came to visit.

Soon after boarding the train to Petushki, Venya hooks up with a table of fellow drinkers to see out the

MOSCOW STATIONS
by Venedikt Yerofeev
Faber £14.99, 128 pages

journey. With the vodka pooled in front of them they tell each other almost perfectly inconclusive stories while imagining themselves, "just like in Turgenev, sitting around talking about love". We hear of Mussorgsky, "pig drunk in a ditch", and Chekhov demanding champagne on his death bed. Venya recalls an unlikely trip to a New York where

there are no negroes, and to England, where he was refused a job in the British Museum because of the state of his trousers.

As the ticket inspector comes round to collect a gramme of vodka for every unpaid kilometre (125 to Petushki) so things become increasingly hallucinatory. Venya confronts a sphinx as well as Satan and God. He also recalls his cable gang in Siberia who every month send a socialist pledge to head office vowing to eliminate industrial injuries or to send every sixth worker on a correspondence course. All this despite there being only five of them who unfailingly played cards all day while slipping can de Cologne.

Frankly the novel didn't need a worker bashing him on the head with a hammer - or indeed a peasant girl swiping at his balls with a sickle - for us to grasp that

PERSPECTIVES

Stakes are high for 'the biggest gambler on earth'

Macao's casino king is unperturbed by the clamour for a slice of post-colonial action, says John Ridding

Stanley Ho may be the only person in Macao who does not gamble. Asia's casino king stays away from the baccarat and blackjack at the Lisboa Hotel, the flagship of a gaming empire which, with its swirling roof of golden lights, stands as a brazen monument to Chinese kitsch.

But upstairs in his office, elegant in his three-piece suit and a counterpoint to the hustling, hopeful, sometimes desperate throngs on the tables below, Macao's magnate reflects for a moment. "It is true I don't have time for betting. But really I am the biggest gambler on earth," he says.

Few would disagree. Billions of Ho's dollars have been invested in building a Monte Carlo on the shores of southern China. He owns or holds stakes in much of Macao - the hotels, the airport, the television network and the world's largest jet-fuel fleet which ferries punters from Hong Kong to the Portuguese enclave. The tax he pays from their losses provides almost half the territory's budget.

Nowhere is so much business power held in the hands of one man. And never have the risks seemed greater. After more than 400 years as a Portuguese colony, Macao is counting the days before its return to China in 1999. The gaming monopoly which Ho has held for 34 years is due to expire in 2001.

Ho is unperturbed. "China wants to show it can do a

good job in Macao and Hong Kong," he says. Outside, in the twisting streets and sleepy squares, there are few signs of strain. After its disasters in Africa, Lisbon is seeking a quiet colonial exit. There have been none of the rows which have shaken neighbouring Hong Kong, where Britain's rearguard action and democratic reforms have riled Beijing.

A record 8m tourists arrived in Macao last year, though the breezy calm remains unbroken. Pastel houses survive intact, safe

'Macao has become a little dangerous... that doesn't help business'

from the cycle of destruction and construction which rolls through Hong Kong real estate. Where vice shows its face, it seems awkward, not threatening. Downstairs at the Lisboa, girlish bookers circle like brightly painted carp, uncertain of whether to approach.

But there are rumblings of upheaval in the court of King Stanley. Amid the feeling of *fin de siècle*, there are signs of a fight for post-colonial action. And behind the facade, the underworld has become more menacing.

According to Joao Severino, editor of the Macau Hoje, it started last year.

While leaving a restaurant, a senior administration official and his companions were set upon, apparently by triads.

Since that assault, the crime-sheet has lengthened. Most serious was the assassination attempt in late November on Lieutenant Colonel Antonio Apolunario, a rugged veteran of colonial war in Mozambique and one of the territory's top casino police. Although shot twice in the head by a Chinese pistol, he survived. Last month, a senior Chinese official was attacked with iron bars. This week, vehicles were torched in what was seen as a challenge to the police.

There are, say Macanese in the know, common threads running through these crimes. New gangs have arrived from Taiwan, Hong Kong and China with new rules and new methods. "There used to be just two gangs - the 14K and the Gasosa," says Severino. "They had an understanding. You break the rules, maybe you lose a finger. But the new ones, they shoot."

Gambling, too, has changed. The housewives and package tourists who feed the one-armed bandits, or slot machines, still crowd the floors. But the real action has moved upstairs, where high-rollers from the region and the boom towns across the border are ushered to private lounges.

At a seasoned 75, Stanley Ho has been around too long to be rattled by the unrest, but long enough to heed the risks. "People say that



Stanley Ho (inset) is not a betting man but he does keep close score, making late-night checks on the takings from the floor

Macao is becoming a little dangerous," he says. "And this naturally will affect business."

After a long sequence of double-digit growth, revenues fell in 1996 and 1997. Belt-tightening in China and the downturn in Japan were partly to blame. But so, he admits, was the security situation. Ho is more optimistic about this year and believes gang violence will be quelled. Armed police have been posted in the big casinos. As extra insurance, he has hired 50 gurdhas.

Triads, however, are not his only trial. Ho has taken big stakes in ambitious infrastructure projects which, say sceptics, could become a herd of white elephants. The new airport is largely untroubled by aircraft and outside the Lisboa

his most grandiose scheme is struggling for life - a HK\$12bn (US\$4m) plan to build two lakes and reclaim enough land to increase Macao's size by one-sixth.

Such bold projects, says Ho, are necessary for Macao's future. The airport, for instance, allows travellers to arrive direct - "with full pockets". But he feels their financial burden. When his Chinese partners ran out of money for the Nam Van Lakes project he had to raise his stake.

Tighter curbs in Beijing have cooled the hot money which flooded across the border a few years ago, fueling a real estate boom and bust. But mainlanders are still keen to flex their commercial muscle. A company backed by China's ministry of state security, say locals,

wants to try its hand in the territory's gaming industry.

"The real worry is that the Chinese will force their way into business after 1999," says one industrialist.

Since local business is largely Ho's, that could threaten his winning streak. But interlopers underestimate him at their peril. Ho may not gamble, but he keeps close score, keeping late-night checks on the takings from the floor. He does not have much time for luck, but he makes sure the odds are on his side.

Lately this has meant securing his grip. And as befits a ballroom dancer, Ho has been quick on his feet in Macao's changing terrain. He recedes with satisfaction reassurances gleaned from China's top man in the terri-

tory. "The existing entertainment industry [read casinos] should carry on for 50 years unchanged," said the head of the Xinhua News Agency. "This is a very special entertainment and no mainlanders should be allowed."

This is not to say that Ho's monopoly will remain intact beyond 2001 - nor that the magnate would still want to run it. But it suggests that he is set for the transition and has backing in Beijing.

He makes time to sit on the Beijing-backed committees which are steering Hong Kong back to the mainland, honing his contacts and flagging his loyalty. Ho has similarly succeeded in preserving Macao's gambling habit.

During the decades he has spent building his gaming business, he says, 12 governors have summoned him

urging his help in broadening the territory's economic base. All have failed. Diversification, it seems, is a dirty word. Macao's future, he is convinced, lies in gambling.

As for his own future, there is mounting speculation that Ho is preparing his exit. His daughters - Pansy and Daisy - are playing a bigger role at Shun Tak, Ho's Hong Kong shipping and property group. Reports that he is seeking more investments and a gaming licence in Canada suggest he may cash some of his Macao chips.

But Ho is not in a hurry. His fingers are busy rifling papers on the desk like a pack of cards being shuffled. They are not the hands of a 75-year-old. And for now, at least, they are not about to let go.

Lunch with the FT

Making conversation with the baby man

Lucy Kellaway and Lord Winston talk ethics, TV and publicity over quails' eggs and a little bit of sole

Professor Lord Robert Winston stared out of the window at the window at Chez Moi, a bourgeois French restaurant in Holland Park. "What are we supposed to be talking about?" he asked. "I can't remember." This was not a promising start. I explain that we were just meant to be having lunch and that we could talk about anything.

"Ah," Britain's most famous expert in reproductive medicine seemed satisfied with this explanation, and settled down to examine the menu. A nest of quails' eggs sounded good, he said, and so did the fried sole. "Shall we have half a bottle of St Emilion?" he asked. I said: "Let's."

I, too, turned to the menu, realising that I had been staring at his moustache. A thick, dark oblong, I had last seen it on his television series, *Making Babies*. This was a riveting programme in which he, with compassion and humour, doled out fertility treatment to patients while they cheerfully talked to camera about their damaged tubes and low sperm counts.

If Winston was confused about lunch with the FT, it was not surprising given the state of his diary. That very afternoon he had double booked: meant to be in the Lords taking part in a debate and also at a meeting at the Hammersmith hospital, where he runs the largest

NHS fertility clinic in the UK. In addition, he was planning to write a speech to be given a few days later in Jerusalem that would trace all the contemporary ethical issues surrounding reproduction back to Genesis in the Bible.

"Think of Jacob and the sheep! It was the first genetic manipulation." He went on to explain: I did not quite follow.

Every day is like this: an act of juggling his patients, his research, his lectures, his political career (Tony Blair made him a Labour Lord last year) and his ideas for further TV series.

Why does he do so much publicity? "It is not self-promotion," he said. "Some of my colleagues think it is. But it genuinely isn't. We live in a society that is deeply suspicious about science. We are not funding science enough."

"It is incumbent on scientists to go out of their way to explain and promote what they are doing."

The only other people who do this, he said, were Richard Dawkins, Steve Jones and Lewis Wolpert. "I don't

have the fireworks of these men or..." he pauses, "probably, their intellect. But I am working in a field that is important and that is why I make myself available."

A waitress brought him his nest and me a frothy bowl of borscht.

We start to talk about the TV programme. With engaging indiscretion he tells me how much he disliked one or two of the patients on it. "I didn't show it. There was one particular woman who never showed the slightest gratitude."

But do these women - who have suffered a lot - really have to be grateful to him?

"No," he softened. "Of course not. But when you go to great lengths and all they do is complain - it is hard to take."

I ask how upsetting he finds it having to tell so many women that they are unlikely ever to have children. "I heard myself saying on Desert Island Discs the other day that I didn't take it home. But I suspect I really think about it more deeply than I care to accept."

I find myself sometimes waking up at night and thinking - my God - I handled that badly."

This is at odds with the public view of the man who is so sure of everything. So sure that there is no reason to fear designer babies. So sure that an HIV positive



Lord Winston, an expert juggler

Lucy van der Meer

patient is deserving of fertility treatment. So sure that it is acceptable to allow the abortion of one twin. So sure that Diane Blood should be allowed to use the sperm of her dead husband. So sure that it is right to screen fertilised eggs.

Are there any areas in this

moral minefield in which he is in two minds?

He cut a quail's egg in half, and put it in his mouth. He stared out of the window again, in deep thought. "An area in which I am still uncertain is treating lesbian women. I don't know why I feel so ambivalent. All my reading shows children nurtured by homosexual couples are not worse off. But I feel some concern about offering treatment on a routine basis. I hope xenophobia is not clouding my judgment."

He examined his conscience for a minute. "No! I don't think it is. I don't think I have a negative attitude to homosexuals, but personally I cannot imagine anyone wanting to be homosexual."

As he talked he seemed uneasy. "I'll try to analyse my attitude. It's to do with the vulnerability of the technology we are using. It's very high profile. The risks we run in treating people who society deems unsuitable - that brings our work into disrepute when we desperately need as much support as possible."

He added: "Don't you

think it's a difficult issue?"

I said I did. "It is these issues of what constitutes the family. I don't share the view that our family values are any worse now than they were in the 19th or 18th centuries."

So does that mean he disagrees with the increasingly moralistic strictures of his friend Tony Blair? I expect him to prevaricate, but Lord Winston is not a politician, and still says what he thinks.

"Yes, I think it is disappointing. It would be good to see a politician stand up and say society isn't that bad."

We start to talk about the House of Lords. "It's a curious place - a mixture of glamour and seediness. One of the things I find distressing is that each week both sides put out the most puerile information. I read this stuff and think: are they seriously expecting me to use this?"

I look at the plate of venison I had just been brought and ask him at what stage he thinks life becomes sacred.

"I genuinely don't know," he says. "I don't think the

question has real validity. Life is part of a continuum. An embryo is not a person. It gains in the need for respect as it grows. It doesn't make sense to accord respect to the fertilised egg that has a one in six chance of becoming a baby."

"The law has got it right - no unborn child can be accorded the same degree of rights as someone born. It is right to sacrifice the unborn child to save the mother. That's not to say I would abort a 38-week pregnancy without feeling great concern."

These views do not make Lord Winston popular with the pro-life group. "Pro-Life would be better sticking with moral arguments than these pseudo scientific arguments," he says scornfully. "Talking about the pain of the foetus! I find that bizarre. We are brought the pudding, menu, which he glanced at. "I am inclined to just have coffee."

What would his own life have been like if he had been unable to have children?

"Wow," he said, taken aback. "I suppose I would have been even more irresponsible than I am now." This did not have the ring of truth about it. Lord Winston is not irresponsible and surely does not see himself as such. More plausibly he said: "I think it's one of the best things I've ever done. Nothing compares with it, does it?"

Truth of the Matter

No longer right and wrong

People are more concerned now about the freedom to make moral choices, says Philip Crowe

Men are by nature promiscuous," a friend declared. He made the statement with such confidence that it seemed to be the fruit of personal experience. "Choosing not to be," he added "is what distinguishes men from animals."

"Are women also promiscuous by nature?" I asked, and he said, with equal confidence, "No. They're not."

I repeated the conversation to a vivacious young woman, and she just laughed. "Women are as promiscuous as men," she said. "The only difference is that in the past, men were free to indulge their nature, women were not. Now both are free," and she added, with a wicked glint in her eye, "you just wait."

It was hard to tell whether she meant it as threat or promise.

In the early 1970s, I took part in a public debate with Mary Whitehouse, at a time when she was at the height of her powers as the scourge of the "permissive" BBC. By a happy chance, a few days before the debate I dis-

covered an advertisement published in Birmingham in the eighteenth century, which Mrs Whitehouse greatly enjoyed. It read: "Samuel Whitehouse has this day sold his wife, Mary Whitehouse, in open market, value one shilling, to take her with all her faults. Both parties are well pleased."

It was a stark reminder of the days when women had no voice and no choice. When Samuel and Mary married, Mary was passed from the custody of one man, her father, into the custody of another, her husband.

The debate with Mary Whitehouse proved to be a parting of the generations. The audience consisted of a hundred or so people of all ages between 18

and 30. Mrs Whitehouse argued that actions are right or wrong, and that what is wrong should be prevented by law. The audience was more interested in freedom of choice.

Safe and effective contraception, abortion, homosexual acts, divorce, and the relaxing of censorship, had all been accepted for most of their lives. They had all increased people's freedom of choice and the audience concluded, to Mrs Whitehouse's considerable dismay, that without such freedom there could be no moral choice.

A limerick, included in the footnotes of a learned work of theology, runs "There was a young lady called Wild - who kept herself undefiled - by

thinking of Jesus, and social diseases - and the fear of having a child." Safe and effective contraception has taken the fear out of sexual relationships and has therefore increased people's freedom to make moral choices.

It has also, incidentally, reduced the power of religious institutions. Traditional understandings of right and wrong used to be buttressed by inescapable consequences, the ultimate being hell. If you needed to know what was right and what was wrong the church would tell you and would offer dire warnings of the consequences of wrong choices. The Pope and the Archbishop of Canterbury both still try in more modest ways to exercise that power. Neither

seems to have realised that the ground has shifted beneath their feet. People are no longer interested in right and wrong. They are more concerned about whether actions are good or bad.

The Roman Catholic Church continues to insist that artificial means of birth regulation are wrong. Hardly anyone listens. Whether it is right or wrong no longer matters. Most people believe that birth regulation is good, and that because it increases people's freedom, it also invests moral choice with more genuine responsibility. It is not difficult today to discern what is the one dominant moral principle. It is the sacredness of individual freedom and the sanctity of personal choice. This is

clearly apparent in the two most acute moral dilemmas, concerned with the beginnings and the endings of life.

Informed consent is the key principle in the discussion of what is known as human assisted reproduction. If a man or woman makes an informed personal choice about the use of their reproductive organs, then almost anything is possible. Without that consent, nothing may be done.

The well publicised case of the widow who seeks to be impregnated with her dead husband's sperm, about which the Human Fertilisation and Embryology Authority has to make a final decision at the end of this month, should never have arisen

in the first place. The husband was unconscious when his sperm was taken and had never given his consent - such privacy will not be allowed again. If he had only had the foresight to give written consent before he died there would have been no problem, no agonising case and no publicity.

The argument about the ending of life, which will almost certainly win in the end, is that people should have the freedom to decide when their own life should come to an end. What right does society have to intervene and prevent that exercise of personal freedom?

Without that freedom, moral choice is unduly restricted. Saying yes or no to something which is not allowed, or which is circumscribed by fear of the consequences, is meaningless.

I once saw a cartoon which would make a splendid Valentine's Day card. It showed a peacock, tail feathers fanned out in a great blaze of iridescent glory, saying rather crossly to its mate, "What do you mean, NO!"

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BOOKS

Brideshead meets Lavender Hill

Philip Coggan on a hypocritical tale of an insurance sting that went wrong

It is a tribute to the cult of Princess Diana that even minor characters in the saga are felt worthy of a book of their own. Darius Guppy was merely a spear-carrier, or rather a ring-carrier, in the drama, being the best man at the wedding of Diana's brother, Charles Spencer.

Even this tangential connection with the monarchy might not have granted Guppy fame, were it not for the press's touching belief that someone who went to public school and Oxford is an unlikely candidate to commit fraud. Guppy pulled off an insurance sting in 1990, staging a fake jewellery robbery in New York, for £1.8m.

The tale might best have been turned into one of those US TV mini-series, a sort of *Brideshead Revisited* meets *The Lavender Hill Mob*, with ideally the young Sean Connery as Guppy and Hugh Grant as Charles Spencer.

As a book, however, it suffers from the authorial voice, full of incessant boasting and self-justification, and from a cover photo that seems designed to confirm any reader's prejudices about upper-class twits.

In his youth, we are told, Darius fended off school bullies, read *War and Peace* by the age of 12 (he must have started when he was 9), and showed his rebellious streak by - wait for it - sneaking off from Eton to go to the pub.

Academic and romantic triumphs followed. While at Oxford, Guppy joined the undergraduate jet set in the form of the Bullington club and the Piers Gaveston society.

But our Darius was not seduced by the high life, as he is quick to tell us. He detested his first job, dealing bonds at a City bank, and made friends with the shoe-

shine boy rather than his fellow dealers. On the social front, he says that "Deep down I have always despised the world which, sadly I have too often come into contact with - a world of gossip, chit-chat, minor scandal and social competitiveness."

So disgusted was he, in fact, that the young Darius decided to devote the rest of his life to helping the homeless, in between trips to work with the starving in Africa.

Actually, I made that bit up. In fact, he started a gem-trading company, with the help of a tax subsidy under the Business Expansion Scheme.

The very first deal done by

ROLL THE DICE
by Darius Guppy with Nicholas Davies
Blake Publishing £15.99, 309 pages

Guppy and his partner, Ben Marsh, involved smuggling gems out of Colombia and into the UK, setting the pattern for events to come. Guppy's social conscience, it seems, did not descend to paying the excise duties faced by the rest of us: rather like the US hotel queen, Leona Helmsley, he obviously felt that "taxes are for the little people."

Gem-dealing led to gold-smuggling into India and finally, to the insurance fraud, with Guppy and Marsh desperately seeking a means of saving their ailing company.

At this point, Guppy's self-justification, previously merely amusing, becomes annoying. He cites, as one of his main motives for the fraud, the desire to get back at Lloyd's of London, which had ruined his father, one of the investing "names" who provide the market's capital.

But who paid the bill for Guppy's fraud? In the end, it was the names again, people just like Guppy's dad. Either Guppy was too stupid to realise this, or, the more likely explanation, his "revenge" motive was a smokescreen.

In the end, he was undone by the unreliability of those he had drawn into his fraudulent scheme, people who had not absorbed the public school code against sneaking on their pals. Indeed, Guppy finds much more to admire in his fellow prisoners - who have their own code of *omerta* - than in the respectable middle classes.

Near the end of the book he is appalled by the sight of the Conservative party conference with its "large numbers of self-righteous and complacent middle-class people... in a state of undignified excitement at Mr Howard's ill-thought-out schemes to lock prisoners up and throw away the key."

Apart from a dislike of Michael Howard, is there anything to redeem Guppy, or his book? The section which deals with the planning of the robbery, its execution and its aftermath generates a good deal of excitement. And while Guppy no doubt irritated the authorities intensely, and his explanations about the missing proceeds of the fraud are unconvincing, there seems some justification about his treatment by the authorities.

The use of informers often has morally dubious consequences and once he was in prison, it is all too easy to believe that decisions about him were made on political grounds. His background did not entitle him to better treatment than someone else in the same position, but nor he should have been treated worse, just because the tabloids had it in for him.



Brownie Wise, vice-president of Tupperware Home Parties Inc., standing before a mural entitled 'The Evolution of Dishes'

Brownie Wise Collection, National Museum of American History

Behind the net curtains

Life in the suburbs is not what it seems, writes Colin Amery

They were meant to be the best of all worlds. Those trim visions of tidy domesticity, rows and rows of identical houses - each one occupied by a heterosexual couple with two and a half children and a Ford Cortina for the

occasional escape. The suburban dream has shaped so many lives and yet it has never been very thoroughly examined. Roger Silverstone, professor of media studies at the University of Sussex, has edited a selection of views from "cultural critics" that show how central the suburb is to contemporary life.

The result is something of an all-purpose academic tome with too wide a range of subjects, from the history of the bungalow to frozen history in Westchester County, New York.

What is clear is that the suburbs are not what they seem. It was George Orwell who described the "line of semi-detached torture chambers where the poor little five-to-ten pounders quake and shiver, every one of them with the boss twisting his tail and the wife riding him like a nightmare and the kids sucking his blood like leeches."

How often have those silent streets been the scene of hidden obsessions and secret crimes?

Punk as a style was, according to Vicky Lebeau's

VISIONS OF SUBURBIA
edited by Roger Silverstone
Routledge £45, 313 pages

worn "as antidotes to the sadomasochistic unconscious of Bromley."

Bromley in Kent seems to specialise in a kind of bedroom bohemia - it was, after all, the home of David Bowie.

There is a whole range of reactions to the discontents of suburbia, but one of the most fascinating revealed here is the use of marketing to make the suburban housewife happy. The most extraordinary invasion of domesticity was the invention of the Tupperware party - an event thoroughly documented by Alison J. Clarke, lecturer in Design History

and Material Culture. I had never heard of Brownie Wise until I read this book. She was the vice-president of Tupperware Home Parties Inc. and is photographed standing in front of a mural entitled, "The Evolution of Dishes."

The selling of plastic containers through a network of parties in the suburbs is now seen as a symbol of suburban lifestyles - indeed this academic essay firmly puts any irony in place when it tells the reader that, for many working- and lower-middle class women, "Tupperware offered an active form of non-radical feminism." The informal economies of the suburbs are a relatively unexplored aspect of a nation's fiscal affairs. Brownie Wise, until she was unceremoniously fired, understood that women at home were an untapped labour force and that selling could make their lives less lonely. As her anthem said at sales gatherings: "There are Oh! so many sensations / To enjoy with your relations / In the Tupperware family."

One of the contributors to this survey looks at the more predictable sensation: sex in the suburbs. She focuses on Australia - where Dame Edna herself has somehow made sex seem like an aspect of hairdressing. Australia, as seen nightly on television in Britain, is now the voice of the suburbs. The whole country seems to be the last bastion of the suburban values of the 1950s, and the last refuge of "snob zoning."

The suburbs are still the middle ground. They will be the battle ground for the forthcoming British general election. John Major and Margaret Thatcher almost personified their values, until Tony Blair came along to be the apothecary of Islington: new Labour, same old suburbs.

Politicians should read this account of the safe heavens where most people have to live. There should also be a sequel about the lives of all those who have had the wit to escape from the monotony and suppression of the suburbs.

Lunch in the life of...

Nigel Spivey on a poetic memoir of Durrell the conversationist

In 1950 a journalist called Lillian Ross, writing for the New Yorker, spent two days in the Big Apple with Ernest Hemingway. Her brief was to write a "portrait". Her method was to tag along with Hemingway (and wife) wherever they went. From bubbles with Dietrich to buying a coat: all the ties of ordinary behaviour and parlance put on the record. Ross thought she was being "sympathetic". Her readers thought differently: "devastating" was the verdict. The big man was revealed to have very delicate feet of clay. Ross showed him puerile, weary, boring and alcoholic.

Bulky, bullying and snowy-headed, Gerald Durrell was sometimes mistaken for Hemingway. The good news is that Durrell bears the ordeal of parasitic portraiture rather better. The method used by David Hughes is essentially similar to that of Lillian Ross, only more protracted: and it is fair to label it "parasitic", because most of the hours spent by Hughes in Durrell's company were indeed passed at the table. Thus the painter not so much sketches as feeds off his subject. And how could he do otherwise, since for Durrell food and drink were not only sacraments of life, but essential acts of communion. Had Durrell and Hemingway ever met, and tested their rival constitutional powers of alcohol absorption, it is a

moor point as to which of them would have proved doubtless. But it is the duty of the parasite biographer to at least try to keep up with the pace of slouching.

As Hughes does. His first encounter with Durrell soon elided into a liquid lunch at Bertorelli's, when Hughes

HIMSELF AND OTHER ANIMALS: A PORTRAIT OF GERALD DURRELL
by David Hughes
Hutchinson £15.99, 195 pages

was in the vulnerably powerful position of acting as copy-editor to Durrell's quick-written and fast-selling accounts of adventures with animals. A key Durrellian cue for lubrication - "Time, I think, to press something to the left kidney" - to be uttered at any juncture of the day from early morning onwards - became familiar to Hughes, as one lunch rippled into another. It was not long before Hughes, having forsaken the copy-editor's lot, proposed compiling a descriptive memoir along the lines of "days in the life of Gerald Durrell". Durrell agreed. Hughes moved in, and a barrage of lunches followed, mostly in the south of France.

That was in 1975, or thereabouts (chronology throughout this account is blurred in vinous fumes). The written result, as its author even then realised, was prolix and

unfocused. Hughes put it into oblivion: until 1985, the year of Durrell's death. Obituaries, and the appointment of an official biographer, caused the retrieval of his manuscript. He edited himself pitilessly. The result is the slim, seven-day remembrance we have here.

It does not affect to give us the whole Durrell. Hughes does not show signs of being other than indifferent to the animal kingdom. The gambling companions of the Durrell menagerie - N'Pongo the gorilla, et al. - get barely any mention. One cannot resist saying that it was Durrell the conversationist, not Durrell the conservationist, whom Hughes loved. So it is never made clear what Durrell's achievement was, in the environmental cause; why, for example, Durrell's Jersey zoo remains virtually the only zoo tolerated by the anti-zoo lobby. The founding principle of Durrell's Jersey establishment was that it served not as a cabinet of curiosities, but as an ark - offering temporary shelter for endangered species, until it was safe for their return to natural habitat. Vignettes of

the founder *en vacances* near Nîmes, bending over in bathrobe and espadrilles to observe a brigade of ants moving yesterday's discarded melon pips, do not quite convey the gravity of his mission.

"Like chipping away at the base of Everest with a teaspoon", "trying to melt the polar icecap with a box of matches". Two quotes from Durrell picked up by Hughes are, of course, depressingly free from hyperbole. This is the tuffity realistically admitted by those who would conserve the planet in all its variety of flora and fauna. Enough to drive any caring friend of the earth to a regular bombardment of the left kidney. Add of Durrell's Falstaffian consolation in food and booze. Hughes is an admirable witness. As parasites go (and a book reviewer is of the number), he writes without unctious. Moreover, he writes with a wry elegance that easily absolves his own sense of inadequacy when faced with Durrell's facility for filing a ream of foolscap before breakfast. This is a tender and poetic memoir of a prophet we should still heed.

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ARTS

Sir Denis Mahon is one of the last great European connoisseur-collectors. Now 86 and the acknowledged authority on Guercino, he has devoted his life to the study of Italian Baroque painting which, when he began in the 1930s, languished under a cloud of prejudice and grime.

With perhaps a handful of scholars, he has effected a transformation of taste. Through a series of books and exhibitions, the stars of the likes of Guido Reni, Guercino, Domenichino and Carracci have risen again. Along the way, Sir Denis has amassed one of the world's most important collections of 17th-century Italian art. Since the 1960s, he has also engaged in battle any government which has tried to wriggle out of its financial responsibilities to the national heritage by encouraging museums to sell works of art, or introduce admission charges. On various occasions he has prompted a re-think of policy regarding the acceptance of works of art for the nation in lieu of tax.

In 1977 he resorted to shaming the government into action by offering £50,000 towards the cost of saving a Giovanni Bellini for the nation - on condition that the government match it. More often he has used the future of his own collection as a bargaining tool. Now, just as the Mahon paintings and some of the drawings go on show for the first time at the National Gallery in London, he has made public his intentions: the majority of works will go to museums and galleries in Britain - provided that none of them ever sell a work of art. The scholar-knight has thrown down the gauntlet again.

Why does he bother with art politics when he could be writing art history? "Someone has got to do it". There is also a sense of fair-play about his championing of the artistic underdog. If he had been born a century before, I asked him, would he have studied and collected the then unfashionable Italian Primitives? "It's quite possible," he mused. "Their neglect was an injustice, and that would have been just the same."

His art education had begun when he and his father played the "attribution game" in museums. At Eton, his rooms were covered with Renaissance reproductions but, he says, "even then I realised it was nonsense to say the curtain came down in 1550 or so. If you accepted Rubens was a great man, as everyone did, how could you exclude Bernini or early Guercino?"

He stayed up in Oxford an extra year to "sit at the feet of K. Clark", later of *Civilisation* fame, then the director of the Ashmolean Museum. Back in London during the 1930s, he attended the fledgling Courtauld Institute and took private tutorials with Nikolaus Pevsner, who went on to become Britain's most distinguished architectural historian.

It was Pevsner who suggested he work on the much neglected Guercino. "He enabled me to clarify the whole field and was very helpful advising one how to set about it. But of course you cannot learn to have an 'eye'. Perhaps at 86, one is allowed to say so, one just has one."

As a member of what he calls the "Irish Raj" - he is a grandson of a marquess and a scion of the Guinness Mahon banking dynasty (he was knighted in 1986 for services to the arts) - Sir Denis was never obliged to earn his living. His father had wanted him to go into business. "If he were alive he would have realised that... I



Sir Denis Mahon, champion of 17th-century Italian Baroque, in front of one of his paintings on show at the National Gallery

The scholar-knight

Susan Moore talks to connoisseur-collector Sir Denis Mahon

could have made far, far more through the fruits of my studies than I ever could have in finance." His collection cost him £50,000. Today it is conservatively valued at £25m.

At first he had no thoughts of collecting. He bought Guercino drawings because "it was almost cheaper than having a photograph made - they were going for a few pounds." While in Paris to study Guercino drawings in the Louvre, he came upon the artist's monumental "Jacob Blessing the Sons of Joseph" in a gallery window for the "relatively small sum of £120", and bought it.

Two years later he bought perhaps his greatest masterpiece, Guercino's "Elijah Fed by Ravens", from the Principe Barberini. The picture was documented, so Sir Denis went to the Palazzo Barberini and asked to see it. "It was eventually discovered in an attic on its side." In return for an art picture, in 1934 Mussolini's government had agreed to break the entailment covering the Barberini-

Corsini pictures which allowed them to be sold and exported. Sir Denis "snaffled" it for around £200.

On his return to London, he felt honour-bound, as an honorary attaché to the National Gallery, to offer it to the gallery at cost price. "K. Clark came and saw it and said: 'That is a wonderful picture but I haven't the faintest chance of getting my trustees to buy any 17th-century Italian picture for any sum.' And from then I started collecting. I saw it as a challenge."

After the war his buying became more systematic. "It seemed to me that these paintings were going for very small sums - I got some major pictures for under £100. I thought, what are the museums and galleries of this country doing? I knew these things would eventually be appreciated and sought after, and I did not like the idea of them all getting away (from Britain). So I thought I would do a holding operation."

One of many coups was the Guercino "Cumean Sybil". Sir Denis spotted it in a tiny black and white advertisement in *Country Life* in 1954, described as "an 18th-century painting of fine quality".

His purchase of Guido Reni's enormous and late "Rape of Europa" was possibly more a case of salvaging a painting. He bid 80gns for it at auction but his under-bidder was the frame-dealer, Arnold Wiggins, who presumably only wanted his wonderful Regence frame. "All Reni's money, so to speak, was in his colour," explains Sir Denis. "In late Reni the colour harmonies are pale and delicate, and the yellowed varnish killed them dead. I doubt whether he would have thought the canvas worth keeping." The 1954 Reni show was the first of a series of ground-breaking exhibitions.

He stopped buying in the 1960s. "Prices started getting too much for me. I got one or two minor things after that in the early-1970s, but I was clearly out of it by then." Anyone with less self-discipline

would have continued, lowering their standards to buy less important pieces, for the collecting bug is hard to lose.

Sir Denis has just returned from Rome, taking a last look at an exhibition of one of his beloved artists, Domenichino. While there, he also took the opportunity of bending the ear of deputy prime minister and culture minister, Walter Veltroni. He suggested the Italian government might consider adopting the British system of indemnifying works of art to ease the financial burden of major loan exhibitions. Once again, he raised the issue of reviving plans to allow the state to accept works of art in lieu of inheritance tax.

With his own exhibition about to open, he is caught up in the media circus once more. It is quite clear that at 86, Sir Denis is enjoying himself immensely.

"Discovering the Baroque: The Denis Mahon Collection", the National Gallery, London, February 26 - May 16.

Television/Christopher Dunkley

Pomposity ridiculed

Received wisdom on the subject of *Brass Eye*, the Channel 4 series pulled from the schedules before transmission in December by Michael Grade but now showing on Wednesdays, seems to be that Grade was right. Creator and presenter Christopher Morris, runs the argument, has gone too far in playing practical jokes on people for the sake of the cameras. His material is unkind, embarrassing, and beyond the pale.

Though cringe-TV has been with us since 1948 when *Candid Microphone* left American radio to go to television, and in Britain since *Candid Camera* crossed the Atlantic in 1950, and although we are all familiar with the tricks of *Games For A Laugh*, *Beattie's About* and the "Gotcha!" section of *Noel's House Party*, the boundary has finally been crossed. Those previous series were a bit of a joke, but *Brass Eye* goes too far and should not be permitted, it is said. The programme is condemned for daring to ridicule people as worthy, pleasant and well-intentioned as sitcom writer and animal rights defender Carla Lane, celebrity agony aunt Claire Rayner, and Conservative MP David Amess.

What Morris does is to invite people to discuss some supposedly new scandal or danger - the country being

flooded with a terrible new bright yellow drug called "cake", an elephant named Carla getting its trunk stuck up its own anus, organised weasel fighting - and then draw them into ever more extreme declarations of disapproval, opposition, and so on. Often we see them facing the camera on their own, explaining the details of this latest outrage. Rolf Harris obligingly told us all about a condition called "Czech Neck" supposedly induced by consuming "cake". It is plain in each case that the celebrity is not telling us anything from his or her own knowledge, but is merely parroting material supplied by Morris.

Having always found cringe-TV difficult to watch, I do find some parts of *Brass Eye* almost unbearably embarrassing. Yet it is also screamingly funny. On its own this does not justify Morris's activities, though it makes his programmes superior to the *Beattie*-style series. There, powerless members of the public are the targets, and the defence is always that they took it in good part once the hoax was revealed. But what else can the poor punter do? At least Morris takes on people who are more famous and more influential than himself.

What is more, last week (unless this was an elaborate trick) he even took the micky out of drug dealers on the London streets, pestering them for substances they had never heard of such as "Clarkey Cat".

If you had to attack some of these programmes, it would surely be the *Beattie* variety which, solely for the sake of laughs, is cruel to people who never sought the attention of television. There is no redeeming purpose. What Morris's programmes do, brilliantly, is to show up the self-satisfaction of television. He highlights the self-importance of those who spend their lives on the box in the interviewee's chair; their glibness, their failure to question received truths, and the pomposity of so many "opinion-formers".

Above all he ridicules the astute style of the whole business, from the wording of the scripts to the gestures and ludicrous voice mannerisms of the presenters, from the insulting childishness of graphics and "swingometer" toys to the fake drama injected everywhere. Watching *Brass Eye* off tape, I switched by chance straight into a news programme and the style was indistinguishable: the false urgency, illogical stress patterns, and continual portentousness.

Those who have been hoodwinked by Morris tend to mount very high horses when the penny eventually drops. Noel Edmonds agreed to participate in the "cake" item. But later, realising that "Gotcha!" now applied to him, he said, according to the Daily Mail, "It is beyond my comprehension that anyone thinks that drug abuse is a fitting subject for a joke". But the point is that drugs were not the joke: Edmonds was.

Huffing and puffing in *The Observer* after she had been made to look silly, Claire Rayner said of those tricked: "What we all had in common, I believe, was a genuine concern for the welfare of our fellow citizens". That may be so, but the reason they now look absurd is that they share something else: a greed for the limelight which is so powerful, they will go to bizarre lengths to get it. If people were not so eager to join Rent-A-Cause, not so desperate to hear the sound of their own voices, if instead of saying "Yes! Yes! Me! Me! What time shall I be in make-up?" they were to try to learn something about the subject on which they are agreeing to deliver their opinion to the nation, then Morris would not be able to make his programmes. Nor would he need to.

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EDGARS VINTERS, from 8th February, 1997, for two weeks, Century Galleries, The High Street, Harley Wistley, Harlow, Tel: (0282) 942747

The glummiest moment of the week? The most lethargic, uncomprehending and gormless reading of G. K. Chesterton's *The Donkey* you could ever imagine, on Radio 4's *Poetry Please*? The presenter discussed the works with the actors, never a good idea, and mention of Cordelia in connection with the faintly adonoidal Alice Arnold evoked apprehension. Luckily she did no more than toss the idea of such labours aside; but she plods on in dowdy check-out girl tones through the late book, Pat Barker's *Regeneration*, in such a way as to make those who care for it reach for the off switch.

Not that thespians came out of the week badly. Radio 2's *Mae West... They Called Me Snow White* but I drifted reminded us that the short, dumpy, myopic blonde was considered "too old, too fat, too seedy" before she made even her first film. Non-smoker, non-drinker, tight-lipped though a soft touch for charity, she re-emerged in her 70s to play a 29-year-old in *Myra Breckinridge*. "What did she look like at 77?" breathed one starchy-eyed worshipper to (rather unwisely) West's co-star, Raquel Welch. "Like a person of 77," replied Miss Welch pleasantly. Director Ken Hughes recalled *Seize It*, made when West was 80, as "a nightmare", when the stately if semi-mobile icon found it hard to walk and talk at the same time and one scene needed 75 takes. "I had a lot of time for her," he mused. Of necessity.

The Kaleidoscope Feature, *T and Me*, in Radio 4's familiar book-plugging mode, questioned Blake Mor-

Radio

Thesps and killers

ison about his new work prompted by the Jamie Bulger case. Commissioned to cover the trial, he has since been uneasy at the issues it spawned. He even, he added plaintively in a phrase that bespeaks the true man of letters, took unpaid leave to think about it.

Despite a portentous opening, the programme, steered by excellent Sheena McDonald, touched on sensitive areas: child sexuality and self-awareness; Morrison's own brave admission of some sort of physical arousal at his little daughter; and the nature of wickedness - can the killers ("they were little too") be evil in the sense that Ian Brady or Fred West or Dr Mengele were evil? And what of the 88 adults who noted Jamie's fearful Calvary to the railway lines and did nothing? The programme posed questions but claimed, in honesty, to give no answers.

The series *Document* which had started well with the story of letters discovered in a British junk-shop mirror recounting a Dutch family's ordeal under Nazi occupation, came a cropper with *They Kept Diaries*. The siege of Leningrad has been so exhaustively, and well covered on radio and televi-

sion that this breezy presentation - sieges are when "fat cats become lean tigers and the thin die early" - sound astonishingly maladroit and crassly insensitive.

The narrator's stilted attempt at a bouncy journalistic tone was aggravated by having actors' voices read over the original Russians, always irritating. One schoolgirl was represented by a jaw-breaking cockney that was hard to understand. Evidently a future star of BBC poetry programmes. Given its exasperation quotient, the programme really wasn't worth the time; and was an unworthy tribute to the people of Leningrad.

Radio 3's immersion in Brazilian culture also floundered into monotony with the *Opera da Malandragem*, an Anglicised production of the Brazilian version of the German adaptation of an 18th-century English ballad opera. Yes, *The Beggar's Opera*, or rather *The Threepenny Opera*, which at least kept "Mac the Knife". Otherwise the show dragged, weighed down with *Brookside* accents. Liverpool will be an acceptable symbol of the squalor of the Rio underworld but is lacking the glamour factor. But all praise to Mike Walker's adaptation of Graham Swift's *Last Orders*, directed by Jeremy Mortimer: the sensitive, early chronicle of the journey undertaken by four Bermondsey blokes to deliver an old friend's ashes to the sea off Margate. Fine acting, fine atmosphere, fine pacing, gentle movement between present and past, conversation and inner monologues... everything radio does well.

Martin Hoyle

Just reward for young dancers

Clement Crisp reports on a competition with a difference

The world is full of ballet competitions. From Varna to Paris, by way of Helsinki, New York, and points east and west, young dancers are to be found flinging themselves about in the *Don Quixote pas de deux* with feverish energy and bright, tight smiles. Small Japanese girls spin so fast that you expect them to drill a hole in the stage. Optimistic youths involve themselves in *Le Corsaire* as in an army assault course. And there are outbursts of "modern" choreography that induce all the symptoms of claustrophobia - you have to get away from it while reason is still intact. Ballet becomes, for the most part, a sort of Olympic challenge. Artistry is lost amid the *fouettés* and the frenzy.

Of course, great artists have been found in these circuses: Makarova and Baryshnikov were winners at a time when the Soviet system needed to be seen to be a constant winner, but often the contest is gladiatorial rather than aesthetic. One among the many has always taken a different tack. This is the Prix de Lausanne which this year celebrates its silver jubilee.

Initiated by Philippe Braunschweig - who retired from his presidency this year - it has been from the first concerned not with pot-hunting but training. Other competitions may be open to tough-looking birds whose careers are already made or broken; Lausanne is destined for students in their

mid-teens, and its rewards are not the publicity which will ensure flashy entry onto world stages, but scholarships and cash to allow a youngster to pursue further study at a major dance school: at a crucial time, distinguished teachers will guide and shape an artist from raw natural skill. The aim, as you may judge, is to encourage and help the young at a formative moment in their careers.

During the past quarter century, the Lausanne prize has helped launch many artists, and the list of schools which make places available for prize-winners includes the finest in the world, from the School of American Ballet and the Paris Opera Ballet School to the Royal Ballet Schools in London and Copenhagen. The jury is equally eminent: this year it included principal teachers

from La Scala, from Beijing, New York, Monte Carlo, St Petersburg, Stockholm, Toronto, with Britain represented by Kathryn Wade, director of the English National Ballet School.

Contestants offer two brief solos, one classical, one modern, during eliminating rounds. The disadvantage in this is two-fold: the young are unable to make sense of the "Great Moments with Petipa" which they propose as proof of their classical skill, while the "modern" items that I saw were ferociously bad, with the little innocents capering about as what I took to be acrobats, hookers and failed suicides. If Lausanne has a duty for the future - which is its noble aim in everything else - it is to provide original and

decently made set solos in both categories.

This year's contest revealed no exceptional talent, but it was a pleasure to see young dancers in whom we could have confidence. They have a future in the theatre, and because of the Prix de Lausanne, it will be a better one than they might otherwise have expected. As an incidental joy to the closing ceremony, Rosella Hightower - great virtuoso, great artist, principal ballerina of the Marquis de Cuevas Grand Ballet in its tremendous post-war seasons, and someone to whom I owe many memories of superlative dancing - was honoured as a teacher and as a dancer, whose style was simple, noble, wholly expressive. And those are qualities that the Lausanne contestants can seek, thanks to the awards they receive.

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SPORT

BT Global Challenge

A jolly cheerful crew bringing up the rear

Keith Wheatley joins trailing Courtaulds International for the Wellington-to-Sydney leg and learns a lesson in team psychology

In the companionway that leads down from the cockpit aboard the yacht Courtaulds International is a motto: "in an egg & bacon breakfast, the hen is involved but the pig is committed. The choice is yours." Motivation and effort are the keys to success in a 10-month, 32,000-mile race like the BT Global Challenge.

Knowing for the past year that I was going to be sailing the Wellington-to-Sydney leg as a crew member on board Courtaulds, it was natural to follow its progress since leaving Southampton in the UK. The reports made depressing reading. "My" yacht was consistently bringing up the rear of the 14-boat fleet.

While travelling to New Zealand I began to ponder the question of how a struggling crew picks itself up from a lame-duck position. The embarkation port was appropriate since at Wellington's cricket ground England captain Mike Atherton was battling to revive the England side at the nadir of its Test match tour.

As a sports writer I have talked to enough athletes and performers over the years to know that technique and specific skills are as nothing compared with self-belief and motivation. Since I was about to become part of a team that was struggling for any success,

and with six gruelling months still to race - it was going to be fascinating to see how individuals in the 14-man crew handled their own situation.

The first surprise was to find a jolly, welcoming bunch of cheerful individuals. Professional sports teams notoriously become black and gloomy places to be as the "relegation zone" beckons and the manager awaits the phone call from the chairman that will enable him to spend more time with his family.

'Really there is a public race and a private one'

"Really there's a public race and a private one," explained Colin Moss, watch-leader and a Hampshire-based computer consultant when ashore.

"The second one is the most important because we won't achieve anything against the other yachts until we get our own self-motivation right."

"I came into this race thinking it was all about how we competed against the fleet. I discovered it was

really about getting our own team working."

Even from the deck of a boat trailing its rivals across a stormy Tasman Sea I can assert that there is no magic about sailing a racing yacht fast enough to win. But it is an immensely complex web of individually simple tasks that must happen routinely and with the minimum of external management. Some are dangerous, others boring, many exhausting but each must occur seamlessly 24 hours a day while the boat is at sea.

The BT race is unique in that it places 13 amateur crew, many with little or no previous sailing experience, aboard a brutally demanding 67ft yacht under the guidance of a professional skipper. The skippers have to be mother, father and coach at the same time as competing ferociously under the eyes of sponsors, media and their peers.

"The last 24 hours have been a classic example of what goes wrong," said Boris Webber, as we trucked along through a lumpy sea two days out from the start. Webber is the young South African skipper of Courtaulds International. "People get tired, start getting seasick, their personal performance plummets and then the boat is back of the fleet."

"In the early days I would have screamed and shouted

and got even less out of them. Now I try to talk to each individual and reassure them that it won't last more than 12 hours and they will recover."

Webber is an intensely ambitious young South African sailor with, it must be said, a savage tongue and a reputation to build. His rage in the first leg from Southampton to Rio de Janeiro are the stuff of legend and aboard the yacht. Then came the silence of disdain.

"In the first leg we got hammered. In the second leg ignored. This leg is a lot more positive," said crew-member Richard Rowe, a 39-year-old civil engineer. "It's been a shame because we need to get Boris to use his huge experience to teach us."

"Now that's starting to happen but I hope it's not too late for the one or two who have been shell-shocked enough to give up individual thought."

Anyone interested in team

psychology would be fascinated by this crew - this is no hell-ship, full of recriminations and backbiting. Remarks are made, if not face-to-face, at least within the easy earshot of a relatively small boat. But the atmosphere is one of civil, even jocular amiability. This crew may not be the fastest sailors in the world but they are handling their differences. One discovers that the primary gulf is not between expert skipper and

tyro sailors, but between the racers and the round-the-world adventurers.

"It goes through your mind to give up and knock it on the head," admitted Paul Collett, a crewmember and former casino croupier who was confined to his bunk for three miserable weeks during the Southern Ocean leg after suffering a hernia.

"But the whole thing is really about seeing if you can do it. The English are a seafaring nation, thousands

of our ancestors did it. "Now I want to see if I can. If we went all the way round as back-marker it wouldn't be the end of everything."

Webber respects those views and has had to change his own. "I've never been back of the fleet in my life," he says.

"Now I'm genuinely battling to understand and work usefully with people who don't mind whether they are first or 14th."



Flaring to go: the 14-man crew set off with plenty of self-belief, but maintaining motivation is the real test of the gruelling race

Pick Tomlinson

Rugby

The disruptive element

Ireland have an uncanny ability to upset England, says Huw Richards

Every time Gladstone was getting near to the answer, the Irish would change the question. Like all the best humorists, the authors of *1966 and All That*, W.S. Sellar and R.J. Yeatman, hit on a fundamental truth - that unsettling the English is possibly the longest-established Irish national sport.

Phil de Glanville and his England team can expect a far warmer welcome today at Lansdowne Road than any British politician. As one South African observer noted during the 1995 World Cup, Ireland are everybody's favourite other team and the come-what-may good humour of their fans is the main reason for this.

Ireland's players, on the field at least, are a different proposition. It is not that they win that often. In the last decade they have averaged one win per Five Nations season, with almost the only relief from unbroken failure being the extraordinary winning run at the Welsh National Stadium, extended by their cliffhanging 26-25 victory a fortnight ago.

There are two ways to look at that record. One is that it is a disgrace to a proud heritage incorporating 10 European Five Nations titles, six triple crowns, a Grand Slam and an overall success rate of around 40 per cent. The other is that the reality of Irish rugby is the same as Scottish football - far from doing badly, it is miraculous that they achieve what they have on limited resources. Ireland has only 12,500 players - half as many as Scotland, fewer than a third of the number in Wales and one-30th the total playing in England. Romania, Argentina and Italy all have more.

But ability to unsettle the English has been sustained. The honest if cruel explanation of that fine Cardiff record is that Wales are in the poorest spell in their history. Scotland have not been beaten since 1988, France not since 1988. But England have been extremely good since 1989 and still come unstuck a couple of times against Ireland.

Yet there is none of the



Martin Johnson, one of England's influential front men

Alaport

slight edge of class antagonism that sometimes unsettles England teams playing Wales. Irish rugby is even more homogeneously middle-class than the English game, almost coterminous with the business class and the products of a small minority of prestigious schools. Its social base can be seen on the map of Dublin - only one senior club north of the river Liffey, where Gaelic football and soccer rule - and more than a dozen in the wealthier suburbs to the south.

The one real exception to the rule is Limerick, whose trio of top clubs - Young Munster, Garryowen and Shannon - have between them won the last five Irish league championships. While this extraordinary feat marks Limerick as a hotbed to match Llanelli or Wigan, it also points to serious weakness. That three clubs from a town of only around 70,000 should establish such a stranglehold says little for

the game elsewhere in Ireland.

A distinctive playing style has emerged from this limited social base. England and France's longstanding half-back problems and the inability of Wales and Scotland to generate competitive front fives show how difficult it is to put out an international team of real quality in all 15 positions. Ireland's problems are invariably even greater.

It is a rare Irish team that does not contain players of the highest class, but an even rarer one without at least one or two who would struggle to make any other Five Nations XV.

Ireland have had magnificent creative players like Mike Gibson and the exasperatingly simultaneous outside-half duo of Tony Ward and Ollie Campbell. Their third try at Cardiff was gloriously conceived and executed. But it can rarely count on real quality behind

the scrum. Instead, its style has been defined by a consistent forward mix - a half-decent front row, a big man who wins line-out ball and a tough and hugely destructive back row supplemented by hard-tackling centres.

Though the tactics - disruption and harassment - would be readily recognisable to Gladstone, this version of the Irish question rarely changes. The challenge for opponents is to maintain control and composure and avoid being drawn into a slug-fest in the centre of the field. When Wales varied their tactics and moved the ball wide, they prospered. Driving down the middle brought them little joy.

If recent England performances can be likened to trench warfare - attritional physical - the best Irish displays generate action reminiscent of the battle scenes of *Braveheart*, fast, ferocious and anarchic.

Ability to disrupt has been the key to Ireland's ability to upset England, a team wedded to control and a fixed game-plan, where Scotland have been sustained by greater tactical flexibility and France by supplementing physical power with intermittent flair.

Much will depend on the referee. England will be keen that New Zealander Colin Hawke denies Ireland's back row the licence extended them at Cardiff. The more restrictive the better, minimising disruption. Logic still says that England's vastly greater power and quality in depth should prevail. It said so before Ireland's wins in 1993 and 1994 as well. If Ireland get an early lead, Phil de Glanville may just start sympathising with Gladstone.

Wales have not won in Paris since 1975, but today's meeting differs from most in the past 22 years because France, hit by injuries behind the scrum, will be seriously worried about the potential of the Welsh backs. Providing them with sufficient ball, particularly from the line-out, is the key task that may be beyond the Welsh forwards.

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How to Spend It

Cuff-links anytime, any place, anywhere

There is a button alternative to suit most men, finds Nick Foulkes

There are some men who are so stuffy and rigorous in their personal Calvinism that the concept of male jewellery is a complete oxymoron. Then there are those, like devotees of the late Elvis Presley, who would feel positively underdressed if not swathed in a rhinestone-studded jumpsuit, their knuckles loaded to the ground with rubies, emeralds, sapphires and other gems.

The cuff-link, however, is the chameleon. Those with eclectic tastes can sport exotic creations in everything from precious stones to Perspex, while the stoner man can allow himself a discreet piece of vanity, reassuring himself that cuff-links are functional and therefore suitably male.

It was in a spirit of conspicuous consumption that cuff-links were first conceived. Before their arrival, the ends of shirt sleeves were fastened with a coloured piece of string. It was 17th century supplies, eager to wear their wealth on their sleeves, who added cuff-links to the repertoire of wearable gewgaws.

Now we could all button our cuffs like they do in the US and in most of continental Europe. But an Englishman cherishes his links.

For many Englishmen cuff-links mark important moments in their lives: a christening, a 21st birthday or a betrothal. The most universally acceptable kind is made of two gold ovals, linked by a chain (not a swivel) and engraved - on one side with the wearer's initials and perhaps on the other with his crest, if he possesses such a thing.

Jeremy Hackett, chairman of the eponymous gentleman's outfitter, suggests engraving both sides with initials. "Getting up in the morning and putting one's shirt on in a hurry, one is likely to put them on back to front in at least one cuff. If they are engraved on both sides you never get them wrong."

The wonderful thing about engraved oval links is that they look perfect with everything from a dress shirt to the frayed old favourite. The problem for the gift buyer is that any man likely to wear a pair of engraved plain gold links is likely to own at least one pair already.

However, it is usually a safe bet that a gold oval cuff-link man is going to like a pair of enamelled silver links such as those sold at Asprey. In discreet dot or trellis designs in all sorts of colours, they make a good daytime alternative to gold. At £120 a pair, they are also cheaper than gold and presented in Asprey's smart plum coloured box they make an eminently acceptable gift.

A bespoke pair of cuff-links, hand-painted to depict a favourite pet, car, yacht, makes an individual gift. Typical of jewellers capable of accomplishing this delicate task is Longmire, where a pair of bespoke links costs from around £780 and will take at least four weeks to complete.

If you are not prepared to wait, there are plenty of

ready-to-wear cuff-links which reflect suitably male interests. St James's cigar merchant Davidoff has a range in sterling silver which cost £115 and secure each side of the cuff with a miniature cigar. More modestly priced at £24.50 are enamel links which depict the crossed swords of the Montecristo brand.

Motoring, too, is well represented. The excellent Connolly shop, locus classicus of the expensive driving shoe, has assembled a good selection of cuff-links made out of silver, which has been brushed to give the appearance of that most automotive of metals, aluminium. As well as wing nuts and screws, there are Lilliputian shock absorber coils and more conventional link-backed numbers. Prices range between £55 and £175.

Asprey recently launched a collection of items which evoke the spirit of Ferrari motor cars. The reassuringly heavy silver links set with the prancing horse, at £250, are worth wearing for the beauty of their own design rather than the mere association with an Italian sports-car maker. Slightly more abstract links designed to evoke the grille of the car are £1,785, in 18-carat gold. Ferrari owners are not by



If he likes the pen, he will love the cuff-links - scaled-down versions of the Montblanc Meisterstück pen, from £79 at the Montblanc Boutique, 61 Burlington Arcade, London W1

nature particularly retiring folk, so the idea of having their very own Ferrari hand-painted on to 18ct-gold links for a reasonable £1,795 should appeal.

It is important to judge the gift correctly, although it would be difficult to find anyone who would be offended by a pair of classic links from one of the great jewellery houses. Cartier, for example, has the Etrier cuff-links in the shape of a stirrup in heavy 18ct white or yellow gold. At £2,300 they have been popular with the Parisian jeweller's customers for many decades.

Those who wish to evoke the spirit of the Duke and Duchess of Windsor might care to do so with a pair of Cartier's trademark panther head cuff-links. In yellow gold decorated with emeralds and onyx, these are neither for the sartorial wallflower nor for the shallow of bank account: they cost £4,800.

Another Place Vendôme jeweller, Van Cleef & Arpels, which has recently reappeared in London, at Har-

rods, offers baton cuff-links, which became popular before the second world war and still sell well today. A bar is slipped through the cuff and then a choice of interchangeable batons are inserted into the bar.

The batons may be made from humble materials such as wood, perfect for tree surgeons, more expensive white gold, £725, or exotic lapis lazuli at £850. The benefit for gift givers is that several years of birthday and Christmas presents are taken care of at a stroke: all the giver needs to do thereafter is select a new pair of batons.

The collecting of antique cuff-links is on the increase. "There are more and more cuff-link collectors," says polo-playing cuff-link dealer Sandra Cronan. "There are men who buy masses of

modern watches. Cuff-links are an alternative in collecting, more elegant and understated."

A serious collector might like a pair of Stuart Crystal cuff-links, which are among the earliest and date from the latter half of the 17th century. Cronan has a pair of double-sided Stuart Crystals which, at £2,400, she thinks are excellent value.

The benefit of purchasing antique links is of course that they are likely to be unique. Indeed, there are probably few pairs like the gold American locomotives made by Cartier in the 1940s which Cronan sold to an American collector.

Those who seek individuality on a budget should steer away from novelty cuff-links made out of anything from typewriter keys

to tap tops. These bits of ironmongery should be used for the purpose they were intended and kept safely out of the wardrobe.

Instead Links of London, which is opening franchises in Hong Kong and Melbourne, Australia, has come up with an easy and relatively inexpensive way to make a pair of cuff-links personal. Simply purchase a pair of silver ovals at £45, write a short message to be engraved in your handwriting for about £10-£15 depending on the length.

However, it is worth bearing in mind that the most widely accepted and useful pair of cuff-links is also one of the cheapest. Silk knots are still less than £5 a pair in most shops. They are the ultimate classless link and can be bought in a colour

One of the biggest collections of modern designs is made by Tetsosian, 268 Fulham Road, Suite 13, London SW10, tel 0171-351 5551. Prices range from £25 to £160, and in London they can be found at Harrods, Liberty, Harvey Nichols and Selfridges

that complements almost any combination of shirt, tie and suit.

Another advantage is that unlike your antique platinum and diamond links from Cartier, you will not mind too much if they are left in the shirt and get lost in the wash.



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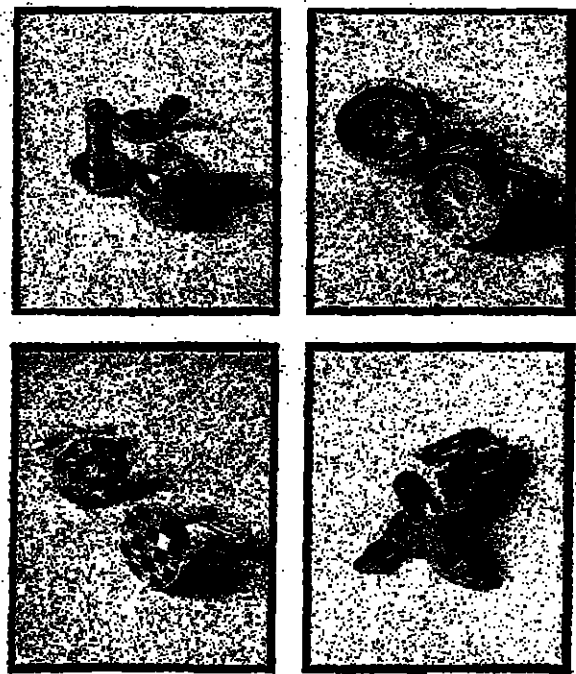
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A cornucopia of cuff-links: prices range from £38-£49 for hallmarked silver, £200-£300 for 9-carat gold, all from Mappin & Webb, 170 Regent Street, London W1R 6BQ, and branches

سكس انا لعل

HOW TO SPEND IT



Nadia Homa in black wool crêpe jacket, part of a suit at £1,625, and black and grey houndstooth wool trousers, £225. Both by Brioni from Shirley Leonard, Conduit Street, London W1. Gold knot earrings from a selection at Asprey, New Bond Street, London W1

Fashion Tailor made for women

Avril Groom tracks down the Italian style of comfort and fit

Imagine a tailored, city jacket in the finest wool - cashmere, perhaps - discreet, beautiful and unidentifiable. Then imagine finding, as you put it on, that it feels as comfortable as a well-loved cardigan.

This dream can be a reality. Such garments do exist. Sometimes they come from an unexpected source.

The combination of maximum comfort with impeccable cut has always been what clients of the best men's tailors in Italy looked for. It may be the softer climate, or the more sensuous nature of Mediterranean people, but Italian tailors have never had much truck with

the thornproof tweeds and indestructible interfacings of Savile Row.

Their tradition is lighter, more body-conscious and ideal for the lifestyles of busy, much-travelled businesswomen - as their male colleagues have long been aware. Now several of the top names have introduced ranges for women, often under pressure from clients' wives. As their reputation has spread by well-guarded word of mouth, these unassuming clothes with an air of well-bred quality are acquiring a discreet and devoted fan club.

In southern Italy, around Naples and the Abruzzi mountains, the tradition of



Rosella Annigoni, widow of the painter, in one of her Brioni suits

hand-tailoring goes back a long way.

In the Edwardian era, a local musician and dandy spent time at the British Club and sent several Savile Row suits back home, ostensibly for his poverty-stricken family to wear. Instead, they took the clothes apart and re-interpreted them, in lighter versions of stout tweeds and worsteds, with their own

unique lightweight internal structure.

Thus was born "Neapolitan-English" style, which accounts for the enviably chic look of well-to-do Italian men from marchese to mafiosi. The latter connection is hotly denied, though there is an apocryphal tale about the innovative firm Brioni which held the world's first men's fashion show in the early 1980s. Just after its New

York showroom was opened, a very upright buyer from a grand store arrived to be shown round. At the very same time, a customer appeared demanding to order a suit. He was instantly recognisable as a well-known Mafia godfather.

The Neapolitan-English look continues quietly unaffected by the loose, unstructured menswear style promoted in the 1980s by top designers. The firms still

keep workrooms in the south, but their showrooms are in Italy's commercial heart, Milan. Here enterprising shopowners have discovered the women's ranges, rarely publicised because of small production. Brioni's womenswear, for instance, forms only 10 per cent of its total output and sells in just 30 outlets worldwide.

The understated, yet unashamed luxury and comfort is perfect in an era when individual pleasure means more than label display, and fashion is soft and informal. The editor of British Vogue, Alexandra Shulman, says that this winter her staff are wearing frocks and cardigans. But this is no comfort to women in the business world and it is they who have discovered the Italian men's tailors, providing the nearest thing to that soft cardigan, yet with the authority of a well cut jacket.

Brioni, which for more than 50 years has dressed film stars, politicians and potentates, is the best-known name but its womenswear is available in London only at Shirley Leonard in Conduit Street, W1. Leonard hand-picks fabric and button combinations and says the clothes have a "magical fit" and rarely need altering.

Long-term customer Rosella Annigoni, widow of the painter, says "the way the shoulder fits your body and the purity of line is quite unique. Comfort and elegance without showiness is the appeal".

Other tailoring firms are also taking womenswear seriously. Antonio Fusco now puts it on the catwalk in Milan, where the clothes are also made, though his background is Neapolitan.

Fusco started womenswear 15 years ago but soon realised, "I couldn't just regrade a man's jacket. It needed to have the same quality of construction but a completely different, feminine fit". As with other designers, he has achieved a fit that flatters and pleases women which, he admits, may have everything to do with the traditional Italian male celebration of the curvaceous female form.

Fusco's range has broadened, with soft, printed skirts and tops to set off this spring's tailoring. It is the nearest to factory-made, but maintains rigorous standards and finishing.

You can find it in London at Browns, South Molton Street, and Wardrobe, Conduit Street.

Susie Faux at Wardrobe has become a specialist in Italian tailoring. A year ago she introduced the women's range from Kiton, which has a light touch, and more recently the classic Attolini - both relatively small Naples firms.

"There is such a demand for these light, exquisitely finished, elegant items," she says. "You can work and travel and go to dinner in them, forget you've got them on and they still look wonderful. And they work in the wardrobe without making an overstatement."

We tested this theory on three keen wearers. Each chose a different label but agreed that Italian tailoring amply repays the investment necessary.

Serena Sutcliffe, master of wine and head of Sotheby's international wine department, has just bought an Antonio Fusco suit in clear navy blue. "I would never

have guessed he was primarily a men's designer - the fit is so feminine and yet it is still pure tailoring."

"I am built like a tall Italian woman - more bust than hips - and I have always bought Italian clothes but this feels very special. Like swimming in silky tropical water because it's so light and easy. This mid-season weight is the most useful of all for travelling, now that everywhere is air-conditioned."

"I always wear dark clothes for tastings and this is a very lively colour without being too light. The skirt is flattering without being too tight."

Jennifer Gayler, a garden designer from Hampshire, chose a pale grey jacket in very light wool and a classic pale cashmere jacket, both from Kiton. "My clothes have to be very adaptable. I go from the office to a site meeting with contractors to a client's home, always on the move. I go from the car to lunch so I can't cope with creases."



Serena Sutcliffe in navy light wool double-breasted suit, £298, fitted white T-shirt, £48, both by Antonio Fusco from Wardrobe, Conduit Street, London W1, and from a selection at Browns, South Molton Street, London W1

Hair by Laurence Derame

"This Italian understatement is great - no fiddly bits, really comfortable yet such good quality it looks very smart. The tailoring skill paradoxically makes it very feminine, unlike equivalent British jackets which I find too mannish. This feels like a favourite old sweater on, yet looks so smart one can just add jewellery and go out for the evening."

Nadia Homa is marketing consultant for Asprey and project manager for its involvement in this year's Royal Pageant of the Horse. She bought a Brioni cashmere blazer "in a moment of madness but I love it. I was introduced to Brioni by a cousin who was already a customer. I admire that continental elegance of fabulously cut tailoring with minimal, very good accessories."

"My clothes must look and feel good the instant I put them on and the long-cut Brioni jacket is very flattering and slimming to me as a good size 14. It is elegantly fashionable but not super-trendy - I don't want to look like a fashion victim. The crêpe jacket works as well for day with trousers as the suit does for evening."

"My blazer is for life. It's great for travelling and weekends - there's something deliciously decadent about cashmere and jeans - but with flannels and flaties it will be excellent for site meetings on the project."

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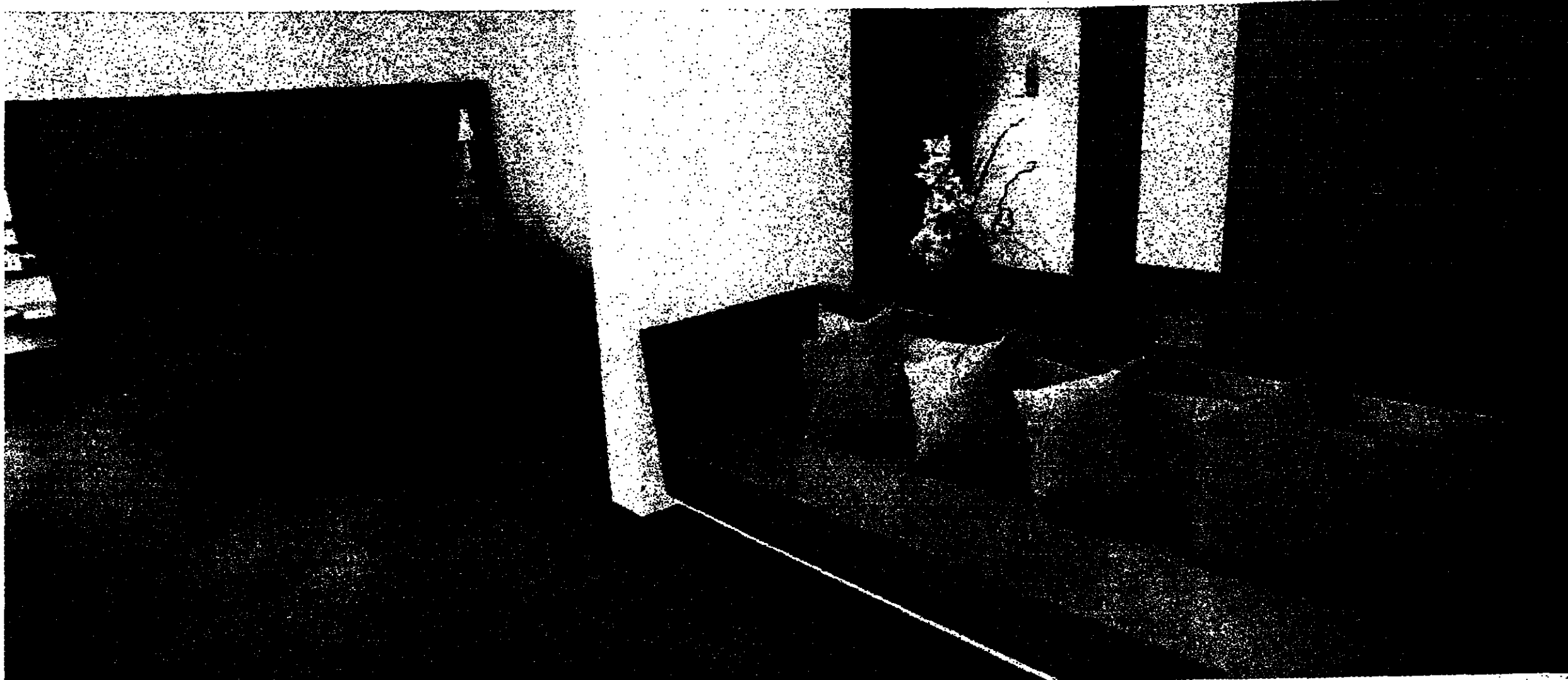
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HOW TO SPEND IT



In the bedrooms of The Metropolitan, the chief aim was to make them elegantly simple: 'We don't do chintzy curtains but have used clean blinds and plain but luxurious fabrics'

Photographs: Jonathan Cook

Hotels feel the designer buzz

It's not so much the price that counts any more, says Lucia van der Post, but how does it look?

There can be few so dull that they do not respond to the glamour of the grand hotel — the marble, the sweeping staircases, the roomy lifts, the starched linen. But in today's world they often seem curiously anachronistic — wonderful reservoirs of nostalgia, a reminder of the days when Rita Hayworth or Marlene Dietrich swept in with their furs, their luggage and their lovers.

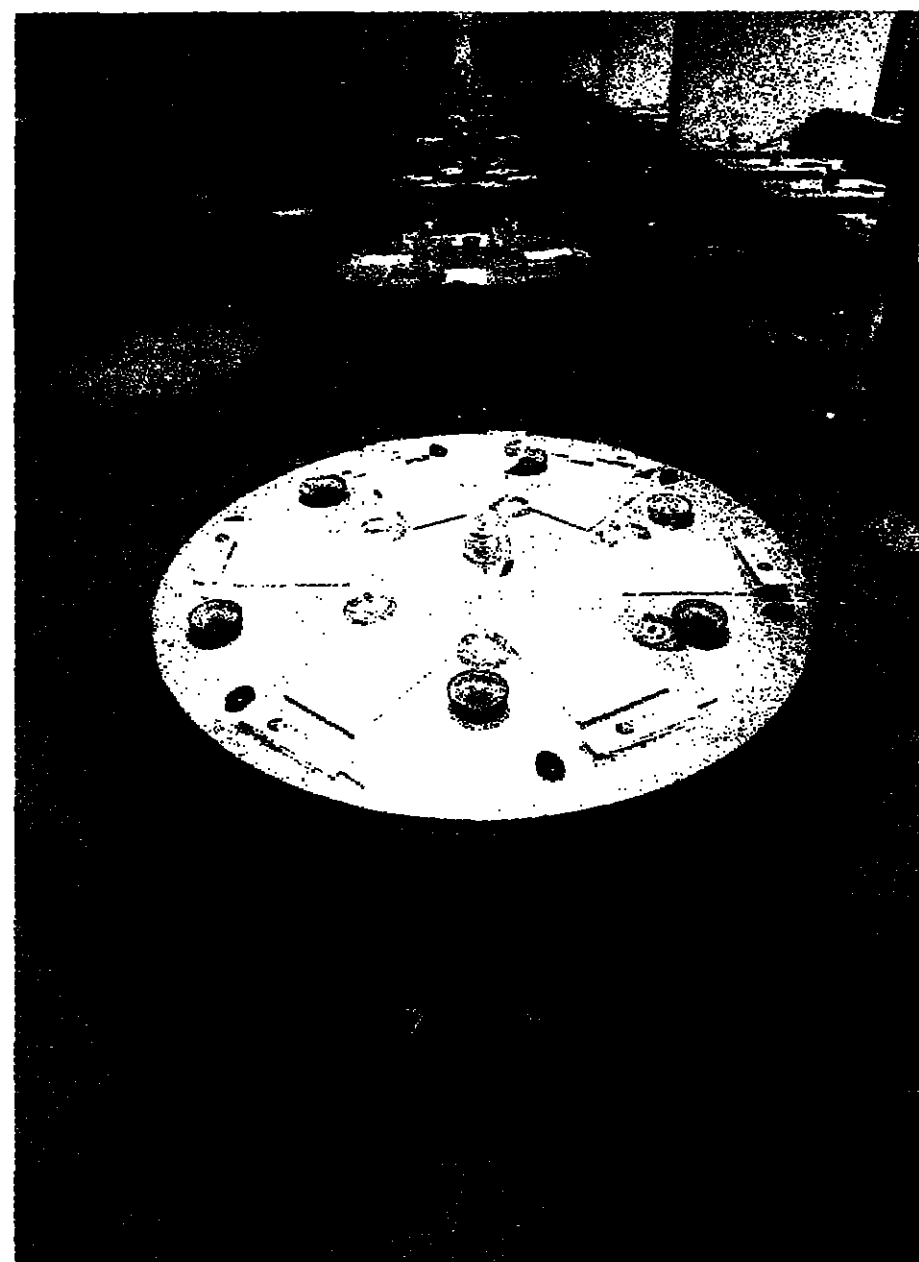
Hotels, like everything else, are having to change if they are going to survive. Now that London has been dubbed newly hip and interesting, now that the British Tourist Authority is busy promoting the UK as a centre for all that is cool and fashionable, how are the new hotels shaping up? The answer seems splendidly — if a tad tardily.

The hotel world is buzzing with new activity, new money and new ideas. Where once being a hotelier was strictly for professionals and the big money boys, today all sorts of people want to have a go — from the U2 rock band with The Clarence in Dublin and Chris Blackwell of Island Records with his string of Art Deco Hotels in Miami, to businessmen such as Ken McCulloch with 1 Devonshire Gardens in Glasgow and a Malmesbury apiece in Glasgow and Edinburgh and Jonathan Wicks with 42, The Calls in Leeds.

Hotels today are cutting-edge — financially sexy, aesthetically adventurous and socially glamorous. Today they are places where the doorman's suit has probably cost twice your own.

For years there were just two examples in London of what might be called the designer hotel, places where the hip and design-conscious could feel at home — Anouska Hempel's Blakes (opened in 1981) and Johnny Ekperigan's The Portobello (opened in 1971).

Both were immediate and huge successes attracting as customers people from what Johnny Ekperigan calls the worlds of the 4Ms (media, movies, modelling and music). These were places where a rock star, an international designer or a movie mogul could do more than



At The Metropolitan, Nobu is an offshoot of the New York restaurant

lay their heads at night — they could have fun, hang out in the bar with like-minded people, eat up-to-the-minute food, feel in tune with the modern aesthetics and know that no sneering glances would attend their designer stubble.

Meanwhile, in the rest of the world, designer hotels were proving a huge magnet to a glamorous crowd which kept the establishments' names in the news and ensured they were a financial and social success — from Philippe Starck's Royalton and Paramount in New

York to Grace Leo-Andrieu's Montalembert in Paris. Designer hotels were the talk of the town and places to be seen in as well as stay in.

In London, apart from Blakes and The Portobello, the hotel world seemed to inhabit another age, a universe of chintz and faux antiques, aping old-world standards instead of creating new ones, until in 1981 The Halkin came along — clean lines, airy, designer-driven and indisputably of its time. But out of London, people such as Ken and Amanda

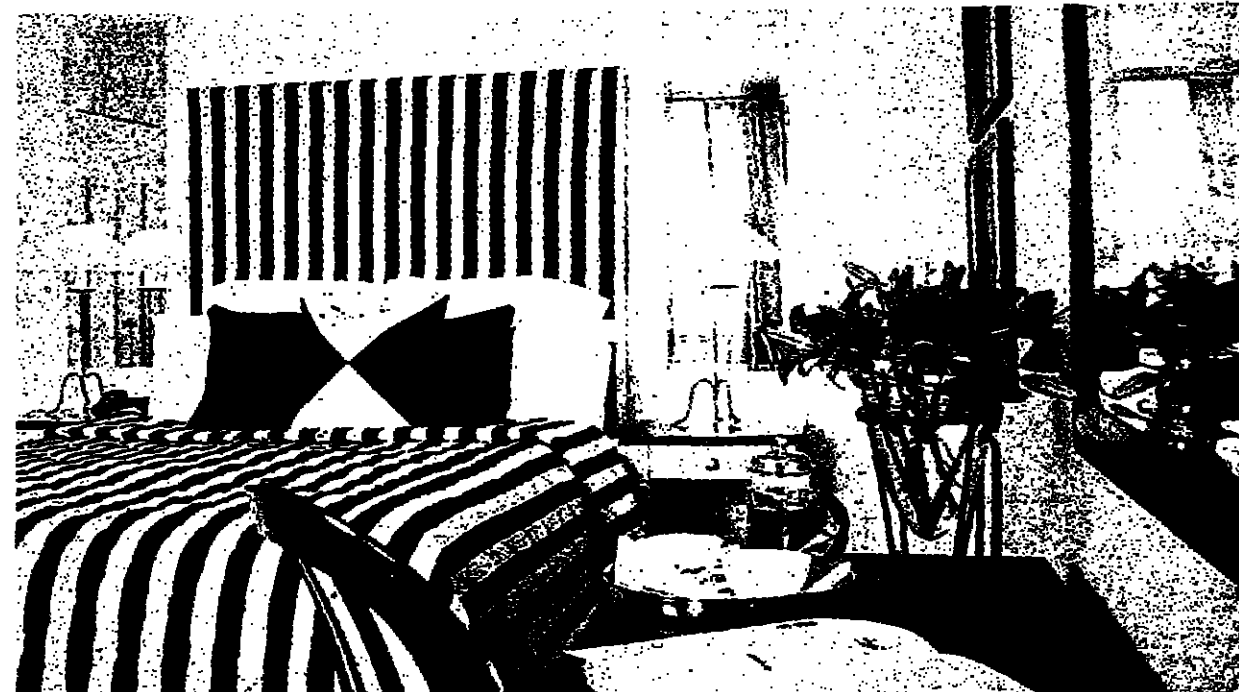
McCulloch were setting the pace with their Malmesbury hotels.

They have taken classic redundant buildings, such as an old seamen's mission in Leith and a church in Glasgow, and made the interiors very modern, very cool. With prices at well under £100 a night, it is no wonder that both were instant hits — and no wonder, too, that they are about to expand the chain with hotels in Newcastle Upon Tyne and Manchester.

In Leeds Jonathan Wicks had similar ideas — he took an old granary and turned it into an award-winning hotel, 42, The Calls. Once again the combination of reasonable prices (creative people cannot always pay grand hotel prices), designer aesthetics and a "happening" atmosphere have made it a big success.

At first sight many of these hotels may seem like self-indulgent exercises in design aesthetics but the fact is that they work commercially, too. The Portobello, for instance, enjoys a 92 per cent occupancy rate, The Halkin 91 per cent and The Clarence (in Dublin) 82 per cent. These are figures that most traditional hotels can only dream about.

But no one could complain that the London of today is short of cutting-edge hotels — and it's getting better all the time. Anyone who is anyone in the world of design, architecture or finance seems to want to be on the crest of the new wave hotels.



Strong stripes and a bold colour-scheme for the Malmesbury, Edinburgh



Oriental tranquillity in a bedroom in The Halkin

cult New York chef, Jean-Georges Vongerichten, which gave it an independent identity, and within a few months we were taking more each month than Le Perroquet used to take in a year.

"We're going to do the same thing with The Metropolitan. The restaurant is an offshoot of Nobu, a New York restaurant specialising in Japanese/Peruvian food." He added: "We aim to give the whole thing a buzzy, democratic feel — we don't want just a few financial high-fliers drinking Dom Perignon. We're much more interested in having a young, creative crowd coming in often and finding affordable drinks and an attractive environment to socialise in. Then later they will be able to go upstairs and have a proper meal at Nobu at the sushi bar."

On the design front Hobbs aimed to make it a cool, calm, airy space. In the bedrooms the chief aim was to make them elegantly simple.

"We felt that in today's world the most valuable commodity is space, and so we wanted to create an air of space — we designed the furniture to be quite light, almost as if it floats," he said. "We don't do chintzy curtains but have used clean blinds and plain but luxurious fabrics. The restaurant looks out over the park which is a wonderful position and we made a determined bid for simplicity to make the most of the light and to suit the Japanese/Peruvian food."

Many individual crafts people were commissioned to make special pieces. Bill Amberg's leather has been used generously on chairs, tables, bar counters. Eileen Yardeley designed rugs, and in the restaurant a hand-crafted effect is achieved by using a combination of oak and maple for the tables, stained beech for the Frank Lloyd Wright inspired chairs.

Opening prices start at £125 (plus VAT) for a single room in the annex. The normal price (ie, after May 1997) the bigger rooms, overlooking the park, will be £255.

■ The Metropolitan Hotel, Old Park Lane, London W1T 4LB. Tel: 0171-447 1000.

Anouska Hempel's The Hempel recently opened to a tide of mixed reviews. Sir Terence Conran is busy with plans for the Great Eastern Hotel near Liverpool Street and Number One Aldwych is due to open next year. Meanwhile Ian Schrager (behind the Philippe Starck designed Royalton and Paramount in New York) and Mike Pemberton (Glitter Bay and the Royal Pavilion in Barbados) also have their eyes on London outposts. And on Monday the very latest of the designer-driven hotels, The Metropolitan, opens.

On the site of the old Londonderry Hotel in Park Lane, it has been financed

by the Ong family from Singapore (Christina Ong is the creative force behind both The Halkin and The Metropolitan, as well as many fancy designer label franchises in Bond Street and Sloane Street) and designed by Keith Hobbs, who also worked on Quaglino's Mezzo and Vong restaurants and The Clarence.

Given a £45m budget, Hobbs' brief was simple — to turn it into the kind of "glamorous, buzzy, exciting modern hotel that would attract a glamorous, international, design-conscious crowd".

But, he emphasises, "it's got to work commercially."

At the end of the day it's a serious business and it's not just to do with design and beauty, it's about the commercial power of design, how the right designs can make something work commercially.

"Take Vong (the restaurant in The Berkeley Hotel, which his company designed). When it was Le Perroquet it took about £250,000 a year. We rethought the problem, resited the entrance, putting it in Knightsbridge instead of making customers go through the hotel entrance in Wilton Place.

"We made it seem like a new restaurant. We got in a



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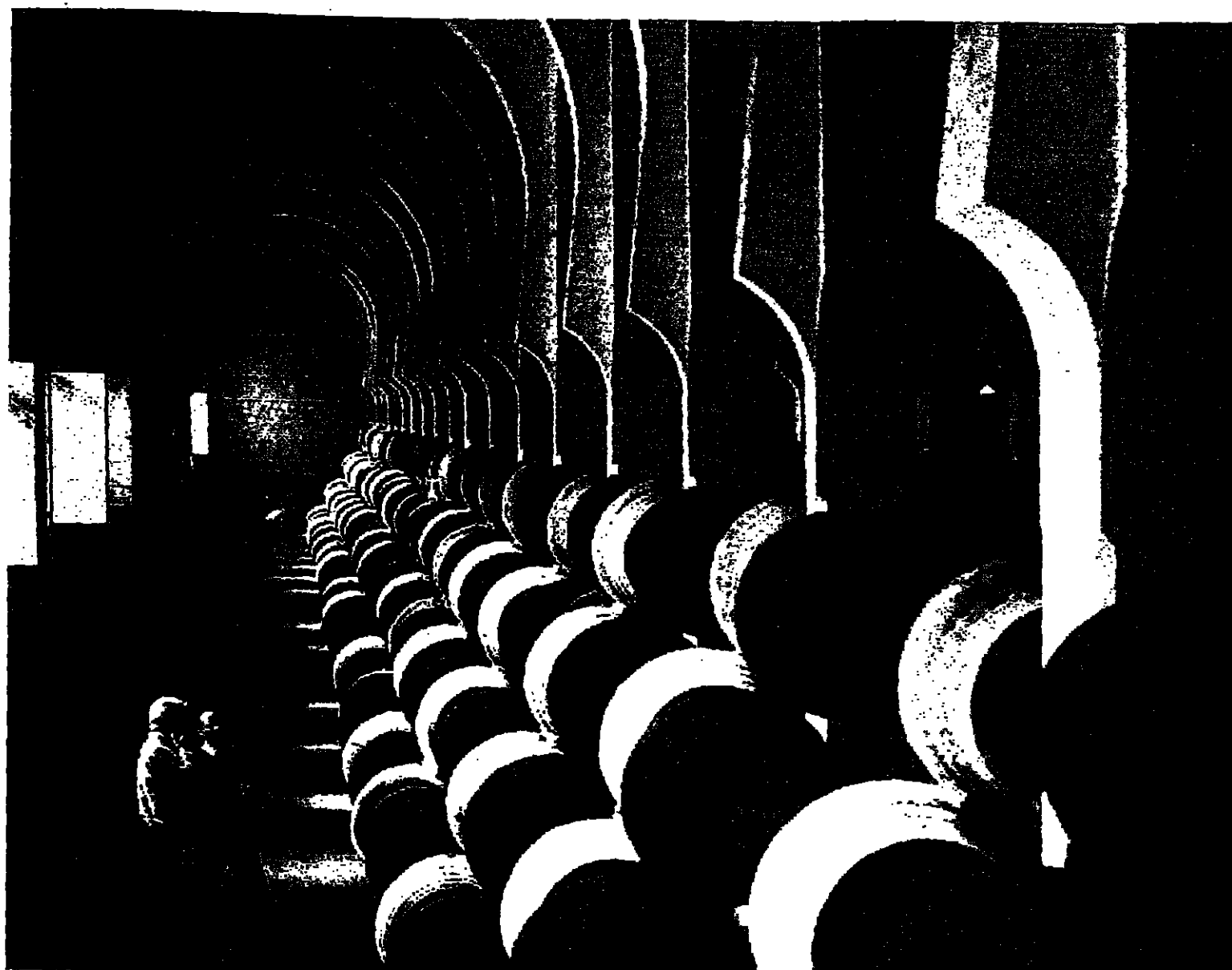
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FOOD AND DRINK



The true beauty of Jerez: sherry bodegas are some of the loveliest warehouse buildings in the world

Sherry: six of the best

Giles MacDonogh sniffs around the bodegas of Jerez

As far as the eye is concerned, the beauty of Jerez is the warehouse. With their tall, white-washed arcades and wide, sloping timber roofs, sherry bodegas are some of the loveliest warehouse buildings in the world. And there is also the reassuring knowledge that all these high banks of casks or "butts" contain gallons upon gallons of delicious wine.

It would be hard to say which was the prettiest. The most impressive architecturally is La Concha at González Byass, built by the French engineer Gustave Eiffel (he of the tower), and as its name suggests, it is in the shape of a conch.

It should be said, however, that La Concha is a fairly impractical bodega: it is hard to align butts around a curve. There are other warehouses which are more so. With time González Byass has taken over a small number of streets by the cathedral, and parts of the Moorish town wall. These tranquil former city arteries have immense charm. González Byass is a huge concern with 1,100 of vines growing grapes for their brands, including the popular *fino* "Tio Pepe".

Domecq is another big house with beautiful bodegas. The company was actually founded by an Irishman called Patrick Murphy who came to Jerez to join the local rag-trade in 1730, but changed his mind and dealt in sherry instead. His warehouse still forms the core of a large net-

work of cellars built up against the Moorish wall.

Big companies such as these exploit the scenic potential of these cool bodegas. In the summer months they mill with pending German and Japanese tourists. Williams and Humbert have their "Pando" bodega (from "P & O"; they used to supply the cruise line), which houses the sherry for their own *fino* brand. Over on the coast, in Puerto de Santa María, is Osborne which was founded by a Devonian in 1772. It also has well-oiled tourist facilities, with shade-giving orange trees dotted between the bodegas.

Beside these, Valdespino has a more homely, haphazard air. One bodega is more or less an integral part of Miguel Valdespino's office: useful when he needs to refresh a visitor or demonstrate a point. The innocent bodega was part of an eighteenth century monastery. Here the last really traditional *finos* of Jerez are put through their *soleras*: they are still fermented in butts where others have gone over to concrete or stainless steel vats.

The floor is fine sand and every effort is made to keep the sun out so that a thick fungal "flor" develops on the surface of the sherry. This is indispensable for the flavour of *fino* or *amontillado* sherries. The mould of each bodega has its own personality, you tamper with it at your peril. It is said that one of the larger houses built itself a spanking new warehouse on the outskirts of Jerez,

but the sherries spurned the *flor* and they had to knock it down and start again.

Miguel Valdespino scatters large objects about his cellars: sedan chairs and vintage cars suddenly turn up behind rows of butts, but despite this shambolic air, he knows where everything is. He steps in a small bodega where he is building up a stock of *palo cortado*, a style which is a sort of half-way house between *amontillado* and *oloroso*. "It is like breeding horses," he says.

Valdespino may be small by Jerez standards, but it still sells 400,000 cases of sherry a year. The really compact companies are the *almacenistas*. According to statutes established during the short-lived republic, an *almacenista* or warehouse man may make and store wine but may not sell it on the open market. There are about 50 of these *almacenistas* in the region. The one we visited doubled up as the local bicycle merchant.

The 100-year-old house of Lustau specialises in buying up the produce of these *almacenistas* and selling them as part of their range of sherries. One of the best of these is a marvellously tangy *amontillado fino* Pilar Aranda y Latorre. An *amontillado* is an old *fino* of course, one which lacked the fresh, briny bite to make it marketable as a young wine (£7.50 for half bottles from Berry Brothers and Rudd 0171-396

9600; Chiswick Cellars 0181-994 7889; Garrards of Cockermouth 01900-823592; and Booth's of Preston branches 01772-251701).

A favourite Williams and Humbert sherry is Dos Cortados, a classic *oloroso* with a taste of butter, toffee and coconut (£9.95 from Selfridges 0171-629 1234; Jackson Nugent of Wimbledon 0181-947 9722; and Noel Young of Cambridge 01223-844744).

If I had to choose from González Byass' range it would be the *amontillado* del Duque, which combines a taste of green olives with an intense nuttiness (£21.50 from Fortnum & Mason 0171-734 8040).

The Oloroso Abocado Solera India from Osborne commemorates the old East Indian trade. It is a broader, mellower wine which contains some super-sweet Pedro Ximenez sherry to round off its rough edges (£24 from Fortnum & Mason and branches of Heyman, Barwell and Jones).

Generally, Pedro Ximenez is used for blending but the better companies also sell old "PX" as a rich, buttery, old-fashioned, mid-morning pick-me-up. One of the loveliest is Domecq's Venerable (01403-222800 for stockists); a rich 40-year-old.

Possibly my favourite sherry is Valdespino's Coliseo (£19.95 from Les and Sandeman 0171-576 4767 for branches). This is a fiercely uncompromising 100-year-old *amontillado*, which reminds me of black olives, pickled walnuts, seaweed and chillis all at once. And its structure is astonishing. It is liquid architecture.

Cookery

Bringing home the ham

Philippa Davenport on a cheap and tasty treat

One of my favourite buys at this time of year is a ham hock, also known as a gammon hock. In other words the bony lower leg of a cured - salted but not smoked - pig.

Ham hocks, like lamb shanks, are not the most gainfully looking little joints, but they possess a meaty sticky quality that makes them a supremely comforting choice at this low ebb of the year. Neither their size nor their price risks terrorising those still suffering from post-Christmas gastro-economic shellshock.

Local butchers in the pig-loving county of Wiltshire are happy to sell ham hocks weighing about 1kg for £1.30 each. Maybe such treats are cheaper and easier to come by there than in other parts of the UK, but I doubt that even the poshest London food hall charges highly for them.

Hock is a bony cut, but the nearer the bone the sweeter the meat, and there is more meat on a ham hock than meets the eye at first glance. That said, do not consider serving less than two hocks to a group of family or friends. Two hocks or more may mean lots of leftovers but a singleton can cause the cook and the carver to panic. Carving in the kitchen (sweet little slices, not handsome great chunks) is also recommended.

While most joints of meat are too big for two people, a ham hock is just right. I reckon on serving it to two of us hot at one meal and as a cold cut on another occasion; then it plays a bit part in peasanty pasta, pasta or vegetable dishes.

Finally, the last of the meat is packed into water-cress sandwiches to partner soup made with the ham stock, or potted in some of its own jellied stock with lovage and parsley, making a mini, anglicised version of *jambon persille*.

For the sake of good flavour and texture, always check that you are buying the meat of a traditional breed that has rooted freely at leisure. Unless your butcher salts his hams heavily, soaking before cooking is probably unnecessary. I find blanching is enough.

Choose a heavy-based pan or flameproof casserole in which the hock fits snugly. Just cover the meat with cold water, bring to the boil and drain. Rinse the blanched joint under a cold tap and return it to the pan. Cover with fresh cold water (or half water, half cider), bring back to the boil, skim, add bruised peppercorns, a couple of bay leaves and sprigs of thyme. Cover

and poach at the barest simmer (only the occasional bubble should burp to the surface; boiling renders meat ragged and tough) for 1½-2 hours.

Turn off the heat and let the hock rest in its cooking liquor for half an hour before skinning and serving it hot. Or if it is to be served cold, move the pot to a cool spot and leave the joint in it until the liquid has set to a soft jelly; then wipe the jelly from the meat, skin it, wrap it in greaseproof paper, overwrap it in foil and refrigerate until shortly before you want to eat it.

(Leaving meat until cold in the liquor in which it has been poached is enormously beneficial in keeping the flesh moist and succulent, so much so that, after carving what is needed for serving hot, I immediately return the remains of the joint to the pot.)

Rich sauces celebrate hot ham deliciously, particularly hollandaise and a zabaglione.

Depending on the ratio of veg to meat that you like, these fennel, leek and chior suggestions can be served as sidekicks to meat, or modest snippets of ham can be stirred into larger quantities of vegetable to make composite supper dishes.

(Baking is the laziest way to cook potatoes. Calling for slightly more effort but equally good with cold ham are rosti and milky potato gratins, while the Irish might argue that nothing goes better with ham than champ - mash with spring onions and a pool of melted butter - and fine green ribbons of steamed cabbage.)

Snippets of cooked ham can replace pancetta in spaghetti alla carbonara, and I sometimes make a variation on the theme using pasta spirals, a handful of fresh or frozen broad beans and a little parsley as well as ham snippets, finished by scrambling with egg and Parmigiano in the usual way.

I also like to bury little pieces of ham in a dish of dried broad beans or rosti beans cooked in milk with celery, thyme and other herbs, some of the beans being whizzed at the end to make a creamy sauce for the rest.

Pulses figure again in my favourite soup to make with ham stock: marrowfat peas cooked in the stock until they fall apart, whizzed to a thick sludge the colour of yesterday's impenetrable city smog, hence the name London pea soup.

All these ideas are more conventional and homely than startlingly rarefied, but at this season, I believe, there is a lot to be said for the reassurance of (semi-)familiar comforts. Time enough for sparky innovations when spring has sprung.

Wine Auctions Sotheby's coup

Sir Andrew Lloyd Webber is having a small cash flow problem. One of his hit musicals, *Sunset Boulevard*, is soon to close in London's West End while his latest venture, an adaptation of *Whistle Down the Wind*, needs expensive tinkering before it is ready for Broadway. To ease the financial strain Sir Andrew is selling off some of his wine.

Since his teens he has loved and accumulated wines, and now has one of the finest private collections in the UK. Selling 18,000 bottles at Sotheby's on May 20 and 21, will hardly dent his stock: he has enough for at least five lifetimes.

He has acquired the best, and Sotheby's expects to make him at least £2m richer from what is the greatest single wine collection to come its way. Sir Andrew has timed his dispersal well. In the last two years the prices of the finest French wines, notably from Bordeaux, have risen by around 50 per cent. For some vineyardists the appreciation is greater.

Le Pin, a Pomerol wine first marketed from the 1979 vintage, has become the greatest cult, with the price of a case of the 1982, now acknowledged as one of the best years of the century, rising from around £7,500 in 1985 to £22,000 at Sotheby's last autumn. A more established wine, the Chateau Latour & Pomerol 1947, was available for £10,000 two years ago.

How to interpret Japanese food

Nicholas Lander meets an Australian academic who can help you sort out your sushi

As food and cookery books become increasingly dominated by big-name chefs and restaurateurs, it is comforting to report that a book that will dispel much culinary ignorance has just been written by an Australian academic.

Professor Richard Hosking, a teacher of food anthropology at the University of Hiroshima, has completed the first English dictionary of Japanese food, which has been published by Tom Jaine of Prospect Books (£12.99, 240 pages).

It will immediately find an audience not just among travellers on business or pleasure in Japan, but also among chefs, restaurant goers and food lovers everywhere.

When I showed my copy to Nacer, head chef of the newly opened Yo! Sushi, in Soho, London, he almost snatched it from me before going off to study it.

The book's foreword is by Professor Naomichi Ishige of the National Museum of Ethnology in Osaka, but it is not a dry, academic work. Hosking explains that it is a dictionary of Japanese food, not a dictionary of food eaten in Japan and he goes on to explain the difference between Japanese and western or other styles.

Green tea is considered since its presence in Japan dates from the sixth century, when it was introduced from China. Coffee is considered western and ignored - as is curry rice, one of the most popular dishes in Japan but not considered Japanese enough for this book.

A considerable number of black and white line drawings make the entries easier to understand. It would, for example, be virtually impos-

sible to imagine a *shamisen-gui*, a tongue clam harvested from the Ariake Sea and eaten raw, without Hosking the artist.

Nor does Hosking refrain from adding his own opinions. In the entry under *fugu*, the poisonous puffer fish, he says that the main reason for eating *fugu* restaurants is the uncertainty and excitement adding: "Certainly the taste of the fish is not sufficiently enticing to make one want

to take the risk." The sounds and smells of Japanese food leap off the page. Under the heading for *ramen*, the Chinese-style wheat noodles, Hosking describes the itinerant vendors who ply the streets late at night, announcing their presence with a raucous reed instrument. He adds: "One of the more terrifying experiences of Japan is to be woken up in the early hours of the morning by this soul-piercing cacophony."

After the Japanese-English and English-Japanese entries, Hosking has written 17 pithy appendices on essential topics of Japanese food such as *miso* soup, vegetarianism, tea and the tea ceremony. Most fascinating are his comments on *katsubushi*, the smoked dried bonito that is shaved like a block of wood to make soup, which can only be tasted at its best in Japan.

Writing about chopsticks, Hosking complains about the 8th pairs of *waribashi* used in Japan's restaurants every year. Ostensibly, these disposable chopsticks are made in one piece so that they can be pulled apart but, according to Hosking, they always break the wrong way and are difficult for people with large hands. Better, he adds, to carry your own.

The final attraction of this



Yo! Sushi in Poland Street, London W1: a constant stream of inexpensive food

paperback is that it can accompany you to the increasing number of Japanese restaurants worldwide. There are almost 200 in London, the most innovative being Yo! Sushi in Poland Street (0171-287 0443) where 60 metres of conveyor belt supply a constant stream of inexpensive sushi. Also about to burst on the scene is Nobu, in the Metropolitan Hotel Hyde Park (0171-447 4747), which is expected to open on Monday.

I put Hosking to the test at Sushi-Say, in London NW2, a restaurant highly evocative of downtown Tokyo: a sushi counter immediately by the door, behind which indomitable sushi chef Katsuharu Shimizu stands supreme,

then a narrow, crowded dining room, leaving only a narrow passageway through which known waitresses bustle.

The sushi were excellent, the salmon skin ultra-crisp and the squid so springy it seemed to be uncurling in the dish. Thanks to our little book we enjoyed burdock, too. Until this meal I had always thought of it as an ingredient in a soft drink but in Japanese it is *gobo*, a root vegetable that grows to a metre long.

Hosking has provided a similar service to the one Hugh Johnson undertook when he wrote his first pocket wine guide in 1977. We will feel as comfortable with *daikon*, the giant Japa-

nese white radish, and *matsuke*, an autumn fungus, if not with *wamako*, a sea slug eaten raw which, Hosking adds, has a greater appeal to the more elderly Japanese.

Hosking's book empowers us all: going into a Japanese restaurant need never again be forbidding.

For a copy of A Dictionary of Japanese Food, Ingredients and Culture contact Prospect Books, fax: 01803-713311, E-mail: ka169@dia1.pipex.com. It is published in Japan and the US by Charles E. Tuttle.

Sushi-Say is at 336 Walm Lane, London NW2 5SE. Tel: 0181-459 7512. Open Tuesdays to Sundays for dinner only. £25 a head.

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TRAVEL

A culture built around the car

Nicholas Woodsworth persuades his bloody-minded camper van to visit Los Angeles

Cars screaming by on my left, cars howling past on my right, I limped the last 60 miles into central Los Angeles along the nightmarish San Bernardino Freeway. In a ditcher mood than usual, Modestine juddered, hauled, and complained loudly all the way.

Modestine is my VW van. After many thousands of miles I have christened her thus in recognition of certain qualities of character she shares with a donkey once owned by Robert Louis Stevenson. Irritability, obstinacy and sheer bloody-mindedness are the first that come to mind.

Stevenson had only to cross the Cevennes hills of southern France with his Modestine. With mine I was crossing a continent, and the resentment was proportionately greater.

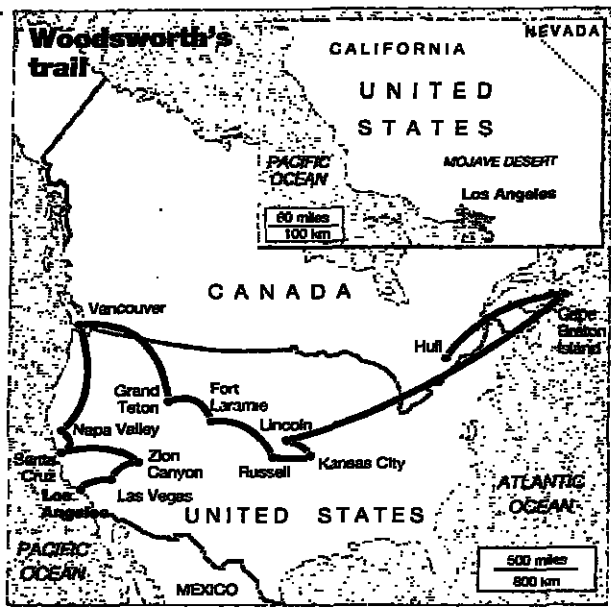
It was not just her minor, daily protests that irked me. Miles from anywhere in the Rockies, she had put out a horn like a cylinder head.

In a queue at the Canada-US Peace Arch border crossing, in front of hundreds of amused travellers, she embarrassed me by bursting a cooling hose, obliging me to lie beneath her in a warm and sticky green pool to patch her up.

Now, in the 10-lane, life-threatening, kamikaze environment of a Los Angeles freeway, she was threatening to behave badly again.

It was too much. With Modestine making odd coughing noises, I came to a shuddering halt at the first parking lot I could find, and stalked off. I had lost my cool. I needed a quiet place to calm down.

I found it no distance away in Union Station, and sank gratefully into a deep



seat. With its lofty ceilings, high arched windows and broad transept, the Spanish Colonial-Modern style station was reminiscent of a church, and just as peaceful. Outside, as if from the calm eye of a hurricane, I could hear the great automotive roar of Los Angeles. Here there was barely a soul about.

Los Angeles' commuter trains are not much used. This is a city, and a culture, built around the car. Air pollution, road stress, traffic jams, wasted time, even an occasional rain of projectiles hurled maliciously from freeway overpasses - in L.A., nothing, it seems, can break the ties that bind human flesh to automobile metal. Angelinos love their cars.

It made me feel ashamed. How could I be so insensitive to my companion of the road? Relationships require daily effort and commitment. Locals gave themselves unstintingly to hunks of glass and steel and rub-

ber. Why couldn't I? I would make it up to Modestine. I resolved. I would wash her, and offer her spark plugs. I would replace her missing hub caps. I would lavish spare parts and the greasy attentions of mechanics on her.

And to celebrate our reconciliation, I decided impulsively, I would invite her on a date right now. Nervous-racking, high-speed freeways were out of the question; I wanted the best for Modestine.

We would dawdle. I decided, down that most fabled of California byways, Sunset Boulevard.

Off we started, beginning where Sunset Boulevard itself begins - at the spot where 200 years ago Spanish colonists founded the tiny settlement of *El Pueblo de Nuestra Señora la Reina de los Angeles*. The name is almost as long as the block where today a few adobe houses remain standing. But if they soon disappeared in

Modestine's rear-view mirror, the Hispanic culture spawned there did not.

"*Ropa Para Toda la Familia*" - clothes for the whole family! - shouted bright signs outside cut-rate shops along the boulevard. "*Ahora*



Rentando! - Now Renting - they declared from the windows of modest little bungalows surrounded by chain-link fencing and small concrete yards painted lawn-green.

There was pink bougainvillea and stunted palms. It was cheap and cheerful, but

not what I wanted for an outing with Modestine. On we drove.

Just after Coronado Street the Hollywood sign came into view, white letters high on the dry hills shining through Los Angeles haze. The boulevard began to change character, a kind of grubby and paw-marked glitter taking over.

Hollywood is no longer the glamorous part of town it was in the heyday of the studios. What is left are tired streets and tacky tourism. At Vine Street we turned up a block on to Hollywood and cruised past souvenir shops, Ripley's "Believe It or Not" museum, and Frederick's of Hollywood, a once-daring lingerie shop where the fake leopard-skin underwear in the window now looked silly.

We stopped at Mann's Chinese Theatre, where stars from Mary Pickford to Mel Gibson have their footprints immortalised in cement. It was hoping, for Modestine's sake, to see a tyreprint or

two as well, but was disappointed. Instead, I bought her a postcard of Hollywood VW star Herbie the Lovebug.

Back on Sunset, we roared in heavy traffic down that part of the boulevard that is still hip and happening - Sunset Strip.

This was more like it. Here was the Chateau Marmont, where comedian John Belushi died of drugs; the Viper Room, where actor River Phoenix died of drugs and the Spago restaurant, where even live celebrities have trouble getting a table.

At the Thunder Roadhouse, the motorcycle-shop-cum bike-bar owned by Dennis Hopper and Peter Fonda, we slowed down, thinking we might stop in. Then I saw the row of shiny, chromed, immaculately kept Harley-Davidsons parked outside, and drove on.

We did stop a few minutes later, though, in even more fashionable West Hollywood. The Santa Palm Car Wash is

a luxury establishment staffed by squads of men in overalls armed with steam-hoses, water-hoses, air hoses and buffing cloths.

Here, on a long wall covered with autographed celebrity photos dedicated to the boys at the Santa Palm, I saw a picture of Dudley Moore in his just-cleaned Rolls-Royce. If Dud has it in him, I thought, so have I. A few minutes later Modestine was gleaming immoderately and disporting herself like a peacock. It was worth every penny.

The further west we went, the more chic Sunset Boulevard became. In Beverly Hills, we bought ourselves a "star map" and gazed at thick shrubbery behind which the likes of Michael Caine, Eddie Murphy and Rod Stewart were purported to live. There was no sign of life.

In Fryd Hayman's on Rodeo Drive, under the signed photos of customers like George Bush and Colin

Powell, I tried on a USD 2,000 cashmere sweater, but declined to buy it. Did Hayman have any motoring accessories, I inquired? I thought Modestine might fancy me in a pair of driving gloves. The clerk, lifting his nose, said I might try the Porsche design shop around the corner.

And so on to Bel-Air, the most exclusive destination in Los Angeles. It was much too late for one of the Bel-Air Hotel's celebrated power breakfasts, so I had a power-tea in the garden by a pond of swans instead.

Modestine, I suspect, may have even enjoyed the end to her day on Sunset Boulevard more than I. For the first time in her long and inglorious career, she was valet-parked, and sat preening in a gaggle of Mercedes and Maseratis.

If I had not eventually pulled her back to the open road and a sense of reality, she might be sitting there still.

Skiing

Teacher with a nose for powder

Patrick Zimmer fought the French ski school system and won. Arnie Wilson reports

It happened more than 20 years ago, when there were still no ski lifts at La Daille or Le Fornet, and skiers were collected by a red Citroën van - the precursor of today's Train Rouge bus service.

A young Strasbourgeois ski racer strode along Val d'Isère's main street for a showdown with the Ecole de Ski Français, the only ski school in town. Or in France for that matter.

Patrick Zimmer, built like an ox but like a gazelle on skis, was about to make history: he was to launch the first independent ski school in France.

"I was fed up with working for the ESF," he said. "I was a *chinois* - an outsider - and faster in the slalom than they were. They did not like me very much. I thought: what are you doing here? I couldn't stand it any more, so I decided to start my own ski school."

"Being young and naive - I was 24 - I decided to pres-

ent my marketing plans to my boss. I told him I didn't want to be in his ski school any more. From now on I was Top Ski - specialising in off-piste adventures.

"The guy laughed at me. And then it turned nasty. There were *beaucoup d'hostilités*. I was threatened with fists. My car was wrecked. But I took courage and went to court to defend my right to exist. I didn't think about the consequences. I didn't understand that I was going to break the monopoly of the French ski school. It was a great moment."

Zimmer won his case, and was joined by his younger brother Jean and fellow racer, Ricky Girault. Jean purchased a Citroën van -

yellow, to distinguish it from the official red van - from an Alsace butcher to transport clients.

Top Ski has survived to celebrate its 30th anniversary. About 130 clients, more than half of them British, gathered in Val d'Isère to ski, eat and reminisce. During a banquet at La Savoyarde Hotel, Jean-Jacques Munier, Top Ski's first client, explained that "it was one of life's lucky moments" when he arrived in Val d'Isère looking for a ski teacher and found Zimmer.

Unfortunately Munier, now 65, injured his knee while skiing during the celebrations, and was resigned to missing the anniversary giant slalom race.

But, to his joy, he did complete the course - wearing his race bib - in a "blood wagon" escorted by the Top Ski instructors. "I've never come down to La Daille like that before!" he said with a grateful grin.

Simon Meredith-Hardy, the longest-serving British client, said: "Top Ski has been in business for 20 years without a serious accident, and with God's help that will never change."

The various speakers were still going strong when, just before 2am, Irfan Ali, resident manager for The Ski Company in Val d'Isère, arrived to drive us back to the Ski Lodge Lafiteima.

Before we knew it, we were waking to one of the

loveliest chalet views in the Alps. The vast bowl of the Val Manchet, its peaks tipped with pink, was flooding through the spacious window. The anniversary weekend had been blessed with constant blue skies and sunshine, which turned early February into spring.

Even in Val d'Isère, blessed with so much off-piste and powder - fresh or even *transformé* - it is not always easy to find. Zimmer has even been known to take clients into avalanche fences to find it.

But there is never any problem about sniffing out good food. Whatever the conditions of the day happened to be, those celebrating were sure of a gourmet week-

end, including lunch at La Fruitière, an old dairy, lovingly transported from Bourg St Maurice, complete with dozens of old milk churns, at the top of the La Daille gondola.

And when we finally fitted in an evening in the dining room at the Lafiteima chalet, Justin Miller, the chef, did not disappoint us.

Officially, with no serious snowfall for a month, the off-piste in Val d'Isère during our weekend was scarce. But this is always a challenge to the Zimmer, and sure enough, Pat did his usual conjuring act and marched a few of us, including Nina Rindt, widow of the Austrian racing driver Jochen, up to the Col de L'Oille Noire

(3,384 metres) from Le Fornet. From here we found glorious fresh tracks down the deep, glittering snowpack of an unskied couloir in the Ouille des Reys, which we named "20th Anniversary Couloir".

We ended up miles away in the quaint little resort of Bonneval in the Maurienne Valley, skiing a few blissful runs under the awe-inspiring Albaron Glacier before a helicopter arrived to whisk us back to the slopes of Val d'Isère.

To Pat Zimmer, the era of the old yellow butcher's van must have seemed a long time ago.

"God, I'm so happy," he said. Weren't we all?

Arnie Wilson's visit to Val d'Isère was organised by The Ski Company at Abercrombie & Kent, Sloane Square House, Holborn Place, London SW1W 8NS (tel: 0171-730 5551), and Top Ski (00 33-479062342). Precision Ski, staffed almost entirely by British and Australian technicians, provided skis.

Holiday Snap A walk in the Picos

Wild strawberries are neither large nor very juicy but the precious handful we found by the footpath back to Potes was more welcome than a Wimbledon fortnight's worth of the cultivated variety.

The climb to the Collado de Porcieda, in the middle of Potes, was nearly gone and we fell on them as travellers in a desert. The Picos de Europa are full of strong scents and flavours.

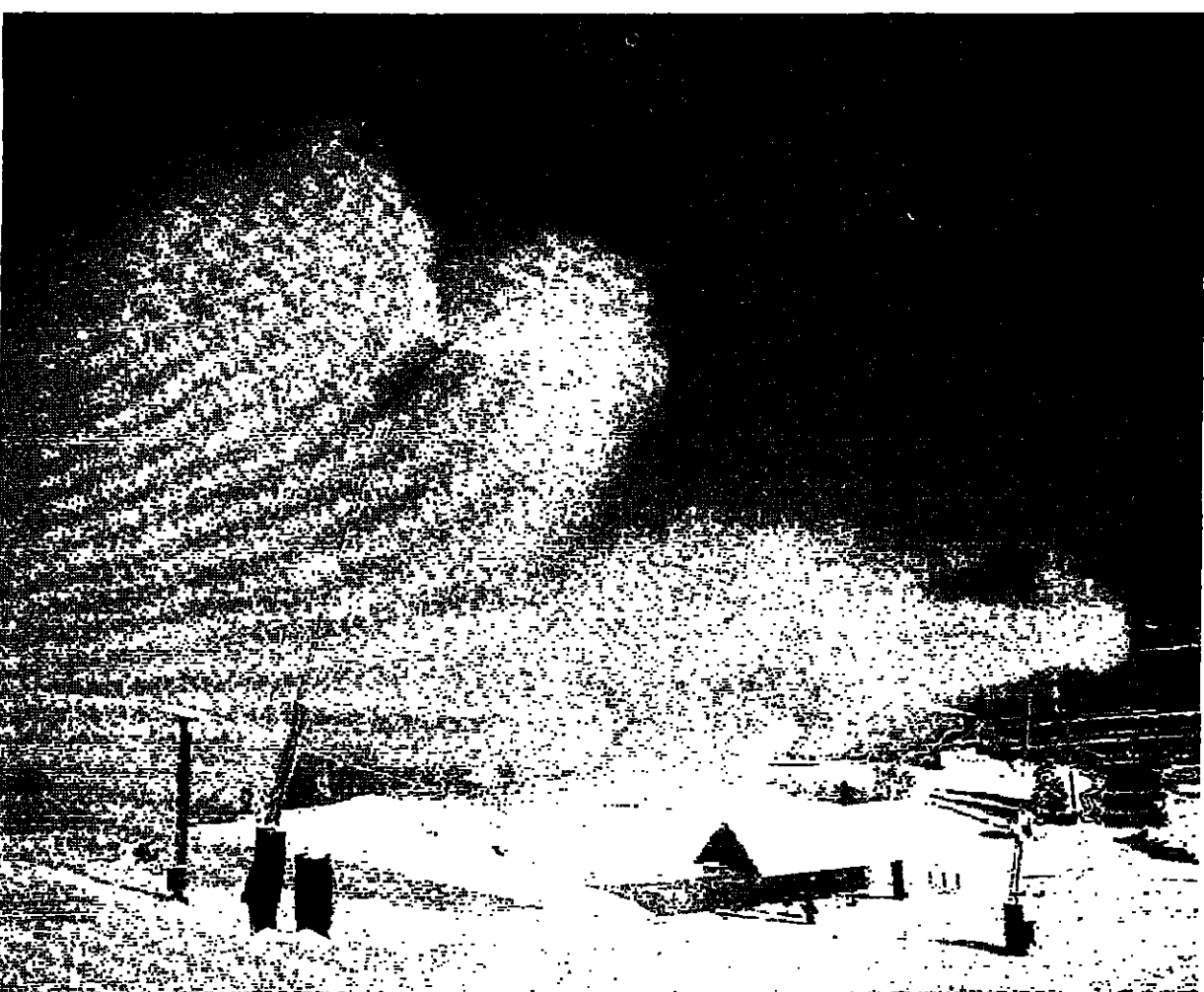
Sometimes the roadside verges filled the air with the aniseed smell of Sweet Cecily or the tang of crushed mint. At a *panaderia* near the village of Frana we bought *torta*, bread filled with ham and grey mottled cabrales, a goat's cheese more potent than Roquefort.

We had set out along a track shaded byholm oak and wild cherry. Hare and there a patch of flowers would attract a miasma of butterflies. Traders from the bone dry region of Extremadura still go to the area to harvest the cork, transporting it by mule.

When the path turned upwards, and the landscape became stonier, there was broom and bell heather. Walking in the Picos, the highest part of that chain of limestone mountains known as the Cordillera Cantabrica, which defends the coast of northern Spain like a fortress wall, is the perfect antidote to stress.

On all but the most popular routes you can hike all day and encounter no one. ■ *Picos de Europa, a Sunflower Countryside Guide, £9.99.*

Roger Bray



Towering success: Seven Springs' snow-making system is finding its way across the globe

A mogul in the world of snow-making

Todd Shapera prepares for a man-made storm

Herman Dupre has become the improbable Merlin of snow-making in the ski industry.

His diminutive resort, Seven Springs, in the Appalachian hills of Pennsylvania, is far from any of the industry's main Alpine regions. Yet representatives from some of the world's top resorts from Europe and the Rockies are this month migrating to Seven Springs for Dupre's annual snow-making spectacle.

As Seven Springs' lights bring a glow to the trails at night, Dupre will fire up his arsenal of more than 500 snow towers - weather permitting - and create a mid-winter storm that will blanket nearly 450 acres of slopes with snow.

Although the resort boasts only a tiny vertical drop of 250 metres, the visitors will be witnessing the largest, most efficient snow-making installation in the ski industry. Dupre's system pumps more than 30,000 gallons of

water a minute. No one else comes close.

Seven Springs' average annual snowfall is only 108in. Temperatures are not ideal for snow-making either. Periods of freezing temperatures are often interspersed with mid-winter thaws. But when the slopes are white, they can attract 10,000 skiers at weekends.

A resort's snow-making capacity is linked to its water supply and, by design, Seven Springs has plenty. Dupre constructed a network of 50 ponds on his property. And whereas other snow-making guns were positioned on the ground, Dupre erected towers 13 metres high, giving the air and water time to form dry, powdery flakes before reaching the trails - a big improvement over the icy conditions associated with most machine-made snow.

The towers, which Dupre's son-in-law, Charles Santry,

began manufacturing and selling four years ago through Snow Economics, a Boston company, are today found in many of the industry's elite resorts. Yet when Santry began, industry veterans laughed at the invention.

The towers are used in Austria, Switzerland, Sweden and were also recently installed in Sierra Nevada, Spain, the resort that was forced to postpone the 1995 World Championships because of lack of snow.

When one talks to Dupre about his unlikely path to becoming the doyen of snow-making, he shrugs.

After all, he believes that snow-making was discovered in an even more unlikely place - by citrus growers in Florida who sprayed their crops with water to protect them from frost. One cold night, a farmer combined air with the water to make a finer mist. The next morning, he discovered that he had made fresh powder.

JPX 10/15/97

A most compelling refrain

Here is where the final scene of *Zorba the Greek* was shot, in which Anthony Quinn laughs off the dramatic collapse of his insane investment, and teaches the phlegmatic, uptight, ultra-English Alan Bates how to dance. The film's message is that pleasures are forgotten. Yes, that's dance. For years, its lurching steps and ubiquitous touzourini tins have remained a kitsch cliché of Greek insouciance. But in truth this troubled part of the world has been a place of pain and much lovelier, refrain.

■ Peter Aspen travelled with Pure Creature (0151-760 0879). Prices for one week in a restored village house in Megala Choriova from £350 (return flight from Gatwick to Chania included), two weeks

fascinating history, was an opportunity for Hudson to get his message across. The trust has given up his work as an agronomist to become the facilitator of The Future Centre Trust.

The trust is setting up an exhibition centre near the cruise ship terminal in Bridgetown. The building earmarked is the Bulk Sugar Store commissioned in 1961 for a crop of 200,000 tons, the current crop is only about 50,000 tons. "A splendid example of reducing a building," enthuses Hudson.

The trust's mission is to enhance the quality of life in Barbados and to become, once again, three centuries on, a role model in the search for sustainable economies. And, in its way, the composted cat is, too, a role model.



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PROPERTY

Before home owners will voluntarily put their houses up for sale it seems they have to pass what Patrick Ramsay of Knight Frank terms "the pain barrier". He calculates this as the value of their house at the peak of the market in 1993, plus 10 per cent.

For most UK home owners this is not a difficult calculation. Almost anyone who bought their house before 1990 knows what it was worth in the summer of 1993. Unless forced by finance or circumstance, few are prepared to sell for anything less - regardless of when they bought it and how much money they have made. (The extra 10 per cent is partly to cover the improvements they have made and partly to protect their dignity.)

The biggest problem for people trying to move in the current market has been the lack of suitable property for sale. Many UK estate agents have advanced the view that more properties will come on to the market as prices rise back to their peak levels. With prices now above their peak in some locations, how does this theory stand up to the test?

Savills' index of all prime central London property passed its peak in June 1995. The market was quiet in the months that followed, but then took off in November and has not looked back since. John D Wood, the London-based estate agency, saw turnover increase 28 per cent in the six months ending in October 1996.

Central London houses are now trading at 20 to 30 per cent above their 1989 peak, with flats rather lower. This still leaves London property cheaper than in 1989 in real terms, but when it comes to property, people seem to work only in nominal prices.

In the London suburbs prices are also well past their peak for family houses. Douglas and Gordon are selling a four-bedroom house in Battersea for £370,000, which was bought for £235,000 in 1989 - though the owners have made some improvements. The price rises have brought some extra sellers out of the woodwork, but not enough to satisfy the huge demand.



Feel the pain, then sell

House values in the UK are up but owners are still holding back, says Anne Spackman

Savills' index of prime country houses stands six points below its peak of 212.4 in June 1989. However, in Surrey, it passed its peak at the beginning of 1996 - to significant effect.

Last year Savills' Surrey office in Guildford doubled its business over the previous year in terms of value and number of houses sold. The doubling of turnover was good for transactions but it did nothing to improve the shortage of good property for sale, as few sellers were moving out of the market, while the number of buyers coming out of rented accommodation steadily grew.

Tommy de Mallet Morgan, who runs Savills' Guildford office, says: "I think that when the penny dropped that house prices had recovered from their 40 per cent fall and that you could get your money back, that was when the market moved into a different gear."

"What is happening this year, now that people know they can get back what they paid, is that they want to know how much more they can get. The market is moving into a totally different gear in terms of people's expectations."

In Bath, there is also some evidence that passing the 1989 peak has an impact on turnover. Savills' index for the west of England is just below its peak of 212.7, at 206.4. But Paul Jarman, who runs the Bath office, says that that average disguises different patterns in different market sectors.

In the £200,000-£300,000 price range, prices are still lower than they were in 1989. However, as you move up the price scale, today's prices pass those at the peak. In 1994 Savills in Bath did not have a single house to sell worth more than £750,000. Last year it had at least six. Turnover in the office increased 60 per cent

during the year, as prices rose.

In the country cottage market, Strutt and Parker believe peak prices have just been passed in the strongest parts of the country such as the south-west. Their Exeter office is selling a four-bedroom cottage in 4½ acres for £155,000 which was worth £135,000 in the summer of 1989.

But Scottish estates, where individual properties are difficult to compare, are still selling for less than they did in 1989-90.

Knight Frank's index of country houses shows Gloucestershire hitting its peak and east Berkshire just a few points off. Patrick Ramsay believes prices have to rise further before people feel comfortable about selling. "In the 1980s boom, houses became an all-embracing subject," he says. "The peak value of someone's house

was what they were personally worth - albeit for a day."

"It wasn't just that prices went up, but that people started to spend enormous sums of money on refurbishment. When you talk to someone they will say they paid £800,000 for their house and spent £250,000 on it, so they want £1.2m. Psychologically people don't want to feel they have lost money."

In the mainstream house market the Halifax index is now 5.6 per cent below its peak of 227.4 in May 1989. At its lowest point it fell to 13.2 per cent. Perhaps surprisingly, that low point came as recently as July 1995, nearly three years after the prime market had bottomed out.

A good example of what this means in terms of prices comes from Halifax Property Services in Brighouse, west Yorkshire. It is selling a three-bedroom, semi-detached house for £64,000, which sold in 1990 for £66,000. (This is almost

exactly the average UK house price as measured by the Halifax index.)

Turnover in the mainstream market did increase with price rises last year, from 1.1m to 1.2m, just as it fell with prices in 1995. But the mainstream market may have to wait until the 1989 peak is passed before it switches up a gear in the way London did in 1996.

Though there is some evidence that owners are more willing to sell once they have passed through the "pain barrier", there is also a fear that rising prices will persuade others to stay put.

Savills has predicted that house prices will rise 50 per cent by the year 2000. To those who might be thinking of trading down pre-retirement, that seems like a good reason to wait. As Ramsay points out, where else would they get the chance to increase their worth by so much in so short a time?

On the Move

Low point for lettings

New flats will help the rental market. Anne Spackman reports

Further evidence that the London rental market is shrinking comes from the latest lettings journal published by Hamptons International. The number of lettings the company handled fell by 17 per cent in the final quarter of 1996 - traditionally the quietest period of the year.

Properties available for rent also fell by 20 per cent, compared with the same period in 1995, while the number of would-be tenants stayed the same. This means the trend for demand to exceed supply looks set to continue - at least in the short term.

This year and next will see a significant increase in the supply of new flats to rent in London, as those new developments sold primarily to investors come on to the market. In Docklands alone Cluttons estimates that nearly 4,000 new homes will be completed over the next two years. Many have been sold off-plan to investors, both from south-east Asia and, increasingly, from Britain.

Thanks to the lettings industry's Buy-To-Let initiative, the number of UK landlords continues to grow steadily. In the final quarter of 1996 they made up 46 per cent of Hamptons' investors, compared with 36 per cent in the final quarter of 1995.

Investors from Hong Kong and Singapore fell from 43 per cent to 33 per cent of the market during the same period. However, Bill McClintock, who runs Hamptons in Singapore, expects this trend to reverse. He predicts an increase in purchasers from south-east Asia during 1997. With

measures to halt property speculation already adopted by the Singaporean government and being considered in Hong Kong, he expects much of the money made from property in these two countries to be spent in the UK market.

While the London rental market is in decline, the country lettings market, which is tiny by comparison, is experiencing the opposite trend. Demand from families for weekend cottages, and houses to tide them over between purchases, continues to grow.

Hamptons recorded a 22 per cent increase in tenants registering and a 16 per cent increase in homes available during the final quarter of last year.

The two mainstream house price indexes run by the Halifax and Nationwide building societies once more performed their monthly bob and curtsy in December and January, with one rising, while the other fell.

Last month the Halifax showed prices slipping 0.6 per cent while the Nationwide reported a rise of 0.7 per cent. In December the positions were reversed. What both indexes show is that mainstream house prices are recovering steadily rather than spectacularly.

This improvement, coupled with falls in unemployment and continuing low interest rates, has greatly reduced the number of homes being repossessed by mortgage lenders. At 18,460, the number of repossessions for the second half of 1996 was the lowest since 1991, though it remains a heavy toll of misery.

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MOTORING

From mild to wild: the lure of off-roading

In the third of a series on motoring holidays, John Griffiths finds 4x4s can be exciting but not always welcome

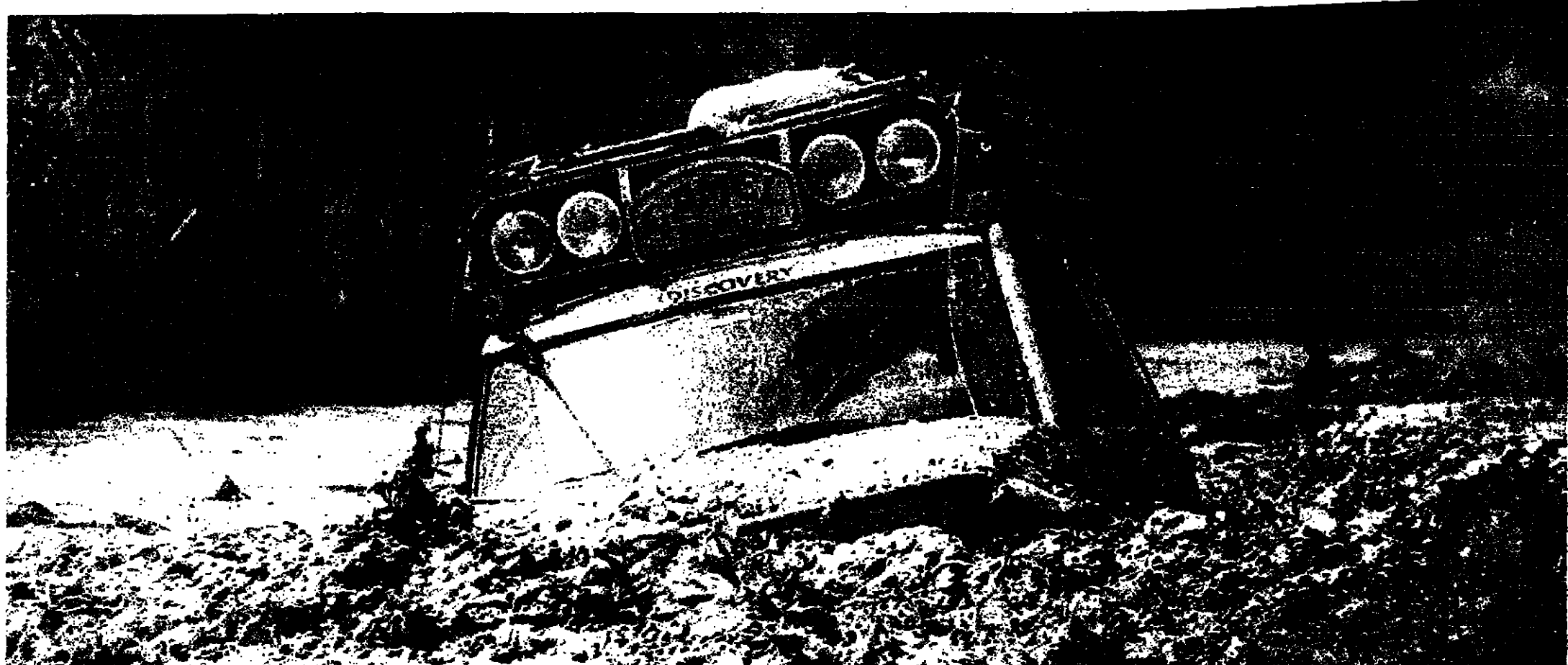
First, the downside – and it is long and steep. Most four-wheel drive owners know, at heart, that their choice of vehicle has all the logic of a mountaineer choosing to live in the Netherlands.

Most 4x4s are large, with the aerodynamics of a haystack. Couple this with their complexity and they are extremely heavy – even the small ones – with handling to match. And their fuel consumption makes happy men of petrol station proprietors.

Around 95 per cent of those buying 4x4s – or sports-utility vehicles (SUVs), to give them another name – will charge across rutted fields only in their dreams. They will confront no peaks, only paradoxes.

The 95 per cent figure is not mine but that of the Goodyear tyre company. Believing that the demand for SUVs (and its own products) would continue to soar, it conducted research in the European market. And, along the way, it found that while 55 per cent of owners claimed to use their vehicles off-road, less than 5 per cent really did.

Happily for the makers – including Land Rover, soon to introduce the Discovery's smaller brother, the CB40; and Mercedes, which has an Alabama-built SUV on the way – most 4x4s are patently not bought mainly on logic. As David Thomas, Goodyear GB's marketing development manager, points out: "Most people buy them to express individuality; to imply that they are types ready for adventure, even if the expedition is usually to school or the supermarket."



Anything for a challenge: in this case, a spot of vehicle 'swimming', part of the Camel Trophy training course for 4x4s run by Land Rover on its training ground at Eastnor Castle in Herefordshire

Yet, to write off SUVs as a fashion fad for all except forsters and farmers is to do them gross injustice. Point even the most mediocre at a rutted track, mountain slope or even deepish river and, driven properly, its capabilities will amaze. The call to adventure is real – although usually lost in the cacophony of urban traffic.

To answer this call, however, is often to confront another – and potentially painful – paradox. Advertising by the makers invariably shows an adventurous SUV triumphant atop wild and romantic scenery. It never mentions that the adventure can include hostilities with walkers and horsemen for whom SUVs are a thoroughly unwelcome intruder into country tranquillity.

This is no minor matter. Recently, although with green-tinted misgivings, I

took a Mitsubishi Shogun along the Ridgeway, an ancient, unpaved (and thoroughly unpicturesque) ribbon which snakes for miles across the high Downs of southern England.

It was all quite legal. I drove slowly and strictly according to Lara's theme – the code of conduct for off-road driving drawn up by the Land Access and Recreation Association. But no smile or act of appeasement – other than driving off the nearest cliff – could have muted the hostility I met from ramblers and riders.

Is, then, a short break or a holiday based around an SUV's go-anywhere capabilities merely wishful and selfish, thinking? The answer is "no" – but with a great many reservations. In northern Europe, at least, the greatest of these relates to access.

In Britain, for instance,

Who to contact for further details
Land Access & Recreation Association, tel. 01543-48 721; Land Rover, "Invitations", tel/fax 01584-778 251. Driver training: Vauxhall (01582-34 404 for seven UK sites); Motor Safari, 01352-770 768 (Wales); Acom Activities, 01432-830 030; Brands Hatch Off-Road Centre (Kent), 0899-12 520; Forest Enterprise (Shropshire), 01584-87 542. General information: All-Wheel Drive Club, P.O. Box 6, Fleet, Hampshire. Regular international background: International Off-Roaders magazine (major newsagents).

the 4x4 owner has no right of vehicular access to countryside or beaches except on designated "green" roads or other, variously defined, unpaved routes. Where access is allowed, the types of route and conditions attached are complicated and best tackled with Lara's access guide (see table for details of where to contact Lara).

Used in conjunction with the Ordnance Survey's Landranger and Pathfinder maps,

it is possible, with effort, to create itineraries for exploring some of the surprising 120,000 miles of unpaved UK routes, although much is footpath only.

Faced, however, with all that resentment from those on horse and foot, what about continental Europe? Can true escape be found there?

The fact is that, in most north European countries, off-road restrictions are as strict as in the UK and

resentments similar. Germany has many off-road clubs but most drivers must use tightly controlled routes. In Switzerland just last week, it was only grudgingly that walkers gave way to our Grand Cherokee on its way down a snowy mountain road they thought closed.

In summer, though, the high passes of the Alps and Dolomites, some older ones still not fully paved, can provide challenge and excitement and most routes are usable by any vehicle. In the valleys, there are plenty of places to stay.

It is further afield, though, that the SUV comes most into its own. To sniff true adventure, travel in Turkey east of Ankara, through dusty trails to Sivas in the Pontine mountains, and on past Erzurum along the old, unpaved Silk Route towards Tashkent and Samarkand. Even this far out, on the

fringes of Kurdish country and not wholly imagined dangers, the need to carry food and other expeditionary hardware is not urgent: the casually travelling SUV driver will be unlikely not to find a cheap – if colourful – Erzurum hotel room and a friendly welcome. But the irksome reality, particularly for those burdened by heavy workloads, is that all such individual adventures require time in planning and execution that few can afford.

Other answers lie closer to hand (see table) – and none better than Land Rover's "Invitations" programme. In liaison with a variety of specialist operators, it can take owners off-road all round the world.

There is, for instance, an organised seven-day safari through the High Atlas mountains of north Africa and on to the fringes of the

Sahara, including a night in a Berber camp under the stars. Or there is a trek across North America's Great Divide, reaching 13,000ft in the Rockies. More challenging still, how about 10 days of fording rivers and tented camps crossing Australia's vast Outback?

There are more than a dozen such programmes, from mild to wild. The worst – a weekend training course for the notorious Camel Trophy, including bridge building and vehicle "swimming" – takes place at Land Rover's training ground at Eastnor Castle in Herefordshire.

Costs vary from a few hundred pounds for a weekend's off-road driver training at Eastnor to several thousand (excluding air fares) for the exotica. And most have the advantage that your own SUV remains clean – in the garage.

No, says BMW firmly, the new 5-Series Touring is not an estate car. It is a BMW saloon offering an even wider range of practical benefits. "You might call it a tailor-made suit with large, elegant pockets," said one of the men from Munich when the new model made its debut in the snowy foothills of Zugspitze, Germany's highest mountain, earlier this month.

I prefer to call the Touring a 5-Series estate car because that is what it is – and a stunningly good one at that. Consider the facts. It will seat five people and carry far more of their luggage than could be fitted in a boot.

Touch a button; the rear bench folds instantly, creating a load floor just over 8ft (1.88m) long and nearly 3ft 7in (1.09m) wide. The headrests do not have to be removed first, and concealed springs make lifting the seats back up again almost effortless.

Roomy though it is, a Touring is not in the same class as a traditional, rear-wheel driven Volvo as an antique dealer's load shifter. But, if the owner should want to dump an old fridge, there is plenty of room for it and – as an optional extra – a sliding false floor that extends up to 2ft (60cm) behind the bumper.

This takes some of the effort out of humping heavy things on board. And, as it supports 75kg (165lb) when pulled right out, it would be ideal as somewhere to sit children while removing their muddy wellingtons before allowing them into the BMW's grand interior.

The tailgate has a power-assisted "soft close" – an idea pioneered several years ago on Mercedes-Benz estates – and is unlocked electrically. You have, of course, to lift it manually, but gas springs are there to help and closing is made easy by two grab handles built into the inner lining so you will not dirty your hands. For putting small packages aboard, the rear window power-opens separately from the tailgate. When extended to its full length, the load floor is com-



BMW's 5-Series Touring: a proper sporting estate car in all but name. The company calls it 'a tailor-made suit with large, elegant pockets'

Tailored to near perfection

BMW's 5-Series Touring is everything a modern car should be, says Stuart Marshall

pletely flat. If a wide object will go through the tailgate opening, it will fit inside the Touring because BMW has redesigned the self-levelling rear suspension. The shock absorbers are now horizontal, not vertical, so they no longer intrude into the load space. And the spare wheel is under the floor.

If I have gone on at length about the Touring's load-carrying capacity, it is only because, in every other respect, this is what you expect a 5-Series BMW saloon to be. By which I mean it is potent and refined, has an excellent ride, and corners tenaciously.

Its courtly handling on slippery, sinuous mountain roads, and sure-footed traction on snow, are due largely to what BMW calls ASC+T. This is an electronic system using the anti-lock brake sensors to detect and curb

wheel-spin by matching engine power to tyre grip.

Petrol-engined 5-Series Tourings have two-litre, 2.3-litre and 2.8-litre straight sixes or a four-litre V8 with outputs ranging from 150 to 236 horsepower. The diesel is a turbocharged and inter-cooled 2.5-litre straight six. Standard transmission is five-speed manual – six-speed on the V8 – and automatic transmission an optional extra on all but the V6.

I drove a 525tds from Munich to Basel, a 528i on the way back. The 525tds has to be one of the silkiest diesels in the world. Even when idling, there is virtually no vibration because the hydraulic engine mountings soften automatically.

On the autobahn, a driver will know it is a diesel only because refuelling stops will be further apart. Overall consumptions, according to

the new and more realistic EU average, range from 32.1 mpg (8.8 l/100km) for the diesel to 21.7 mpg (13 l/100 km) for the four-litre V8.

The diesel's 143hp output

practice is that it pulls like a train in high gear and romps up hills without need to change down. Direct injection engines are even more economical than the indirect injection BMW diesel, but few get near it for urbanity.

If one were looking for trouble, one might criticise the BMW's clutch for its rather long throw. Otherwise, hand on heart, I find the 5-Series Touring just about impossible to fault. It embodies everything that is good about the modern car. The only real snag for many people is the price.

When the first right-hand drive versions reach Britain in April, the 525tds will cost around £27,150 (SE version with air-conditioning, £28,550) and the 528i SE, around £31,890. A cheaper 520i (£25,350, SE version £27,050) follows in May, together with a brace of 523i models at £27,290 (SE version

£28,890). The 540i (guide price £44,420) will not arrive until August.

By previous BMW standards, the 5-Series Touring is equipped quite lavishly; even a six-speaker radio is part of the package, as are a pair of front and side airbags for driver and front passenger. ASC+T traction control, self-levelling rear suspension, three proper lap and diagonal seat belts in the back, and heated door mirrors and screenwash nozzles.

BMW (GB) reckons it will sell 1,000 this year. The most popular model will probably be the 523i, with 30 per cent of registrations, followed by 520i and 528i (25 per cent), 525tds (12 per cent) and 540i (8 per cent).

Both models I drove had manual gearboxes; the £29,720 automatic turbo-diesel SE, which I have little doubt would be my personal choice, is a treat in store.

There's no substitute for a map

Stuart Marshall makes his choice from the many on offer

In-car systems, based on computers and space satellite technology, that guide you by voice and electronic data panel to your exact destination are miracles of technology. They are also very expensive. Typically, the Carin navigation system that BMW (GB) offers in its 5-Series and 7-Series cars, which already have a display screen for their in-car computers, costs around £3,000.

But less affluent motorists need not despair. The first car telephones cost about £1,000 and were fixed permanently in place.

Now, a truly mobile, pocket-sized telephone is often thrown in for free when you buy a new family hatchback.

So it is on the cards that having a car with an electronic navigation system will be no more remarkable early next century than having an air-conditioned one today.

Meantime, there is no substitute for a good map. There are so many around that it is difficult to choose. I prefer those with spiral binding because the place I am looking for often seems to be in the crack in the middle.

A scale of 1:200,000 (three miles to the inch) is about right for route-finding and main road driving. On Collins' 1:200,000 road atlas (£6.99), motorways and main roads are easy to follow, minor roads and lanes – shown as thin red lines – less so.

In this respect, the AA's Big Road Atlas (£7.99) and the Ordnance Survey/Hamlyn atlas (£8.99) are better. So is Philips' MultiScale road atlas (£9.99, spiral bound). This also has larger-scale (1.5 miles to the inch, or 1km to 1cm) maps of the approaches to major conurbations.

On this scale throughout (apart from the extreme north of Scotland) is the best road atlas of all, Philips' Navigator (£19.99), which shows every road in the British Isles on which you can drive and quite a few – farm and forest tracks, for example – on which you cannot.

For serious map readers only, it is heavy enough at 2kg (4.5lb) to make arms ache and, unfortunately, it is not spiral bound. But, when going to unknown parts, I would not be without mine.

Jersey has banned all vehicles equipped with bull bars on its roads. Will the UK follow the Channel Islands' good example? The answer is almost certainly yes, but not for some time.

A Commons bill that would outlaw these absurd and potentially dangerous attachments has won an unopposed first reading in parliament. But it looks as if the UK will opt to wait for EU legislation. This could take some time and will probably only apply to new vehicles.

One UK insurance company, CGA Direct, set a good example last year by refusing cover on any road-going vehicle equipped with metal bull bars. It estimated that about 600,000 sets were in use in the UK at the end of 1995 and now believes the total has risen to around 800,000.

It became illegal for any Jersey-registered, road-going vehicle to have bull bars from the beginning of this year. Vehicles with them cannot be driven, registered, sold or have their ownership transferred. Visitors are exempt for now, although they will be encouraged to do the decent thing and take them off.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AARHUS

EXHIBITION
Aarhus Kunstmuseum Tel: 45-86 13 52 55

● French Masterpieces - from Matisse to Picasso: exhibition of the collection of Johannes Rump, donated to the Danish National Gallery in 1928 and including 14 paintings and 5 sculptures by Matisse, work by André Derain and late cubist pieces by Braque and Picasso; to Mar 9

AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-6718345

● L'enfance du Christ by Berlioz. Conducted by Philippe Herreweghe, performed by the Orchestre des Champs Elysees, La Chapelle Royale and the Collegium Vocale Gent. Soloists include Olivier Lattouche, Ian Bostridge and Laurent Naouri; 8.15pm; Feb 18

● National Philharmonisch Orchestra with conductor Bertrand de Billy, soprano Angela Gheorghiu and tenor Roberto Alagna perform works by Gounod, Bizet, Massenet, Bellini, Donizetti and Puccini; 8.15pm; Feb 20

EXHIBITION

Rijksmuseum Tel: 31-20-6732121

● Reflections on the Everyday - Dutch Genre Prints from the 16th and 17th century: In the late 15th century, woodcut artists and engravers began portraying scenes of everyday life in prints. Amorous couples, farmers on their way to market, groups of musicians; scenes such as these were especially popular in the 17th century. This exhibition provides a survey of the genre prints with works by van Leyden, Rembrandt and van Ostade accompanied by some lesser known prints by their contemporaries; to May 4

Van Gogh Museum Tel: 31-20-5705200

● Sir Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Alma-Tadema, who was born in the Netherlands, but settled in London in 1870. In Victorian England he became popular for his idealised, but accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings and a selection of watercolours from international collections. Also on display are photographs from the artist's own collection showing the influence of photography on his work; to Mar 2

BARCELONA

CONCERT

Palau de la Música Catalana Tel: 34-3-2681000

● Felicity Lott: performance by the soprano accompanied by pianist Roger Vignoles. The programme includes works by Schubert, Mendelssohn, Brahms, Chabrier and Britten; 8pm; Feb 21

BEIJING

EXHIBITION

China Art Gallery Tel: 86-1-4421252

● From Zurbarán to Picasso: Masterpieces from the Collection of Carmen Thyssen-Bornemisza: display of 60 paintings from the collection of Baroness Carmen Thyssen-Bornemisza, ranging from the mid 18th to early 20th centuries. Featured artists include Canaletto, Vermeeren, Bredius, Bastida, Meirens, Gauguin, Pissarro, Monet, Picasso and Kandinsky; to Mar 9

BERLIN

CONCERT

Deutsche Oper Berlin Tel: 49-30-3438401

● Carmine Burana: by Orff. Conducted by Rafael Frühbeck de Burgos, performed by the Deutsche Oper Berlin. Soloists include Fionnuala McCarthy, George Fortune and Uwe Peyer; 8pm; Feb 20 (7.30pm), 22

EXHIBITION

Berlinische Galerie - Martin-Gropius-Bau Tel: 49-30-254860

● Edward Kienholz: A Retrospective: exhibition tracing the works of Edward and Nancy Reddin Kienholz over the past 40 years. The couple's work embraced aspects of Pop Art and Surrealism, influences apparent in their installation work shown here; to Mar 31

CHICAGO

CONCERT

Opera House Tel: 1-312-332-2244

● Norma: by Bellini. Conducted by Carlo Rizzi, performed by the Lyric Opera of Chicago. Soloists include June Anderson, Olga Borodina and Richard Margison; 7.30pm; Feb 18, 22

COLOGNE

CONCERT

Kölner Philharmonie Tel: 49-221-2040820

● Christoph Prégardien and Michael Gees: the tenor and pianist perform works by Schubert; 8pm; Feb 20

EXHIBITION

Schnütgen Museum Tel:



London theatre: Corin Redgrave in 'The General from America'

49-211-2212310
● Baues und das Mittelalter: exhibition examining the influence of the Middle Ages in the work of artist Joseph Baues. Common characteristics with work from the period include usage of colour as symbolism; to Apr 27

COPENHAGEN

CONCERT

Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69

● Turandot: by Puccini. Conducted by Asher Fisch, performed by the Royal Danish Opera. Soloists include Audrey Slottier, Kurt Westl and Bengt Ola Morgny; 8pm; Feb 22

DRESDEN

CONCERT

Sächsische Staatsoper Dresden Tel: 49-351-49110

● Tosca: by Puccini. Conducted by M. Albrecht and performed by the Staatsoper Dresden. Soloists include Sippa, Brohm and Jahns; 7pm; Feb 20

DUBLIN

CONCERT

National Concert Hall Tel: 353-1-6711888

● Vladimir Ashkenazy: the pianist performs works by Beethoven and Chopin; 8pm; Feb 19
● Trio Recercars: the guitar trio performs works by A. Diabelli, M. Miletic, A. Piazzolla, F. Gragnani, B. Battisti D'Amario and Vivaldi. Part of the National Guitar Week; 8pm; Feb 17

EDINBURGH

CONCERT

Scottish National Portrait Gallery Tel: 44-131-5568921

● Double Vision: exhibition devoted to stereoscopic photography, first developed in the 1850s. The images, which can be seen through hand-held viewers, include panoramic views, portraits and humorous scenes; to Feb 23

FORT WORTH

EXHIBITION

Kimbell Art Museum Tel: 1-817-332-5451

● Georges de la Tour and His Work: exhibition bringing together 32 paintings by the 17th century French painter Georges de la Tour and 10 works by leading contemporaries, including Caravaggio, Jacques Bellange, Simon Vouet and Hendrick ter Brugghen. The works, selected from public and private collections in Europe, the US and Japan, serve to illustrate the place and meaning of La Tour's art in the context of early 17th century culture; to May 11

FRANKFURT

CONCERT

Alte Oper Tel: 49-69-1340400

● Alfred Brendel: the pianist performs works by Schubert; 8pm; Feb 18

GENEVA

CONCERT

Victoria Hall Tel: 41-22-3283573

● Orchestre de la Suisse Romande: with conductor Jesus Lopez-Cobos and violinist Isabella van Keulen perform works by Brahms; 7pm; Feb 20

HELSINKI

EXHIBITION

The Finnish National Gallery - The Museum of Foreign Art, Sinebrychov Tel: 358-9-17336360

● The Tiger's Gaze - Traditional Korean Painting: exhibition examining the arts of Korea from the 18th century to the present day. Included are landscape panoramas made up of paper scrolls; from Feb 20 to May 5

CONCERT

Opera House Tel: 358-9-403021

● Boris Godunov: by Mussorgsky.

OPERA

Royal Opera House - Covent Garden Tel: 44-171-2122234

● Lohengrin: by Wagner. Conducted by Valery Gergiev, performed by the Royal Opera. Soloists include Karita Mattila, Gwyneth Jones and Sergei Leiferkus; 7.30pm; Feb 17, 20 (6pm), 22 (5pm)

THEATRE

The Pit Tel: 44-171-6388891

● The General from America: by Nelson. Directed by Howard Davies, performed by the Royal Shakespeare Company. The cast includes Corin Redgrave and James Laurence (world premiere); 7pm; Feb 18

LOS ANGELES

EXHIBITION

Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100

● Masterpieces in Little: Portrait Miniatures from the Collection of Her Majesty Queen Elizabeth II: this travelling exhibition from the British Royal Collection features 75 miniature portraits, many of which have never been on public display. Spanning four centuries, the collection includes pieces by Hans Holbein the Younger, Nicholas Hilliard, Isaac Oliver and Jeremiah Meyer. Shaped by the individual preferences of members of the royal family, the collection is especially valuable from both a cultural and historical standpoint; documenting marriages, court favourites and notable events; to Apr 13

HONG KONG

DANCE

Grand Theatre/HKCC Tel: 852-227342809

● Mark Morris Dance Group: choreographed by Mark Morris, performed to live music by sopranos Jeanne Ommerie and Christine Brandes, tenor Frank Kelley and baritone James Macdonald; 8.15pm; Feb 22, 23 (also 2.30pm), 24, 25

LEIPZIG

CONCERT

Gewandhaus zu Leipzig Tel: 49-341-12700

● Gewandhausorchester: with conductor Kurt Masur, violinist Gidon Kremer and soprano Maacha Deubner perform works by Schubert and Kancheli; 8pm; Feb 20, 21
● MDR Sinfonieorchester: with conductor Peter Schreier and the MDR Chor perform works by Schmidt; 7.30pm; Feb 18

LONDON

AUCTION

Bonhams Tel: 44-171-3933900

● The Beatles Auction: special viewing of Beatles memorabilia due to be auctioned in Tokyo next month (and via a live satellite link in London). Highlights of the sale include the original Penny Lane Barber's Shop prominently mentioned in the "Penny Lane" lyrics, Ringo Starr's childhood home at 9 Madryn Street in Liverpool, Brian Epstein's personal collection of Beatles acetates (unreleased work in progress recordings) comprising over 30 original first recordings of The Beatles hits, Paul McCartney's presentation Hofner violin bass guitar, and many other items; from Feb 22 to Feb 24

CONCERT

Queen Elizabeth Hall Tel: 44-171-9210600

● Philharmonia Orchestra: with conductor Esa-Pekka Salonen and violinist Frank Peter Zimmermann perform works by Ravel, Ligeti and Bartók; 7.45pm; Feb 19
Wigmore Hall Tel: 44-171-9352141
● James Kirby: the pianist performs works by Beethoven and Chopin; 4pm; Feb 18
Barbican Hall Tel: 44-171-6384141
● London Symphony Orchestra: with conductor Sir Colin Davis and the London Symphony Chorus perform works by J. Brahms. Part of the Brahms Centenary celebrations; 7.30pm; Feb 16
● Houston Symphony: with conductor Christoph Eschenbach perform works by Beethoven and Bruckner. Soloists include pianist Mitsuko Uchida; 7.30pm; Feb 22
Royal Festival Hall Tel: 44-171-9804242
● BBC Scottish Symphony Orchestra: with conductor Osmo Vanska, pianist Joanna McGregor and soprano Susan Bullock perform works by Stravinsky; 7.30pm; Feb 22

CONCERT

Carnegie Hall Tel: 1-212-247-7800

● Emanuel Ax: the pianist performs works by Schubert and Liszt; 7.30pm; Feb 21

EXHIBITION

Brooklyn Museum Tel: 1-718-638-5000

● Mistress of the House, Mistress of Heaven: Women in Ancient Egypt: exhibition examining the role of women in ancient Egypt in the court, family and temple. About 200 objects will be on display, including 20 rarely seen pieces from the museum's permanent collection; from Feb 21 to May 18

OPERA

Metropolitan Opera House Tel: 1-212-362-6000

● Le Nozze di Figaro: by Mozart. Conducted by Leopold Hager, performed by the Metropolitan Opera. Soloists include Hei-Kyung Hong, Held Grant Murphy and Susan Graham; 8pm; Feb 20

PARIS

CONCERT

Cité de la Musique Tel: 33-1 44 84 45 00

● Orchestra of the 18th Century: with conductor Frans Brüggen perform works by Schubert; 4.30pm; Feb 18
● Théâtre des Champs-Élysées Tel: 33-1 49 52 50 50
● Cecilia Bartoli: the mezzo-soprano accompanied by the I Delfici String Quartet and pianist György Fischer perform works by Vivaldi, Ravel and Rossini; 8.30pm; Feb 17

EXHIBITION

Centre Georges Pompidou Tel: 33-1 44 78 12 33

● Jean Tinguely: exhibition of pieces by the French sculptor whose work was heavily influenced by Dada and Surrealism, producing purposely amateur machinery as a satire on the new technological world; to Apr 21

ROME

CONCERT

Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064

● BBC Symphony Orchestra and

Chorus: with conductor Pierre Boulez perform works by Stravinsky; 8pm; Feb 19

OPERA

Teatro dell'Opera di Roma Tel: 39-6-481601

● Elektra: by R. Strauss. Conducted by Vladimir Fedoseyev, performed by the Opera di Roma. Soloists include Elisabeth Meyer-Topsos, Stephanie Friede and Anne Gjevang; 8.30pm; Feb 18, 21

SEATTLE

EXHIBITION

Seattle Art Museum Tel: 1-206-625-8900

● Matisse, Picasso and Friends: Masterworks on Paper from the Cone Collection: display featuring 125 seldom seen Impressionist and Post-Impressionist works from the Baltimore Museum of Art's Cone Collection. Artists featured include Matisse, Picasso, Renoir, Cézanne, Degas, Cassatt, Toulouse-Lautrec, van Gogh and Ingres; from Feb 20 to Apr 20

ST MORITZ

AUCTION

Sotheby's Tel: 44-171-4085170

● Magnificent Jewellery: annual auction of jewellery, held since 1976. Highlights of this year's sale include a Van Cleef & Arpels necklace and bracelet in sapphire, emeralds and diamonds, a colourful suite of jewellery in coral, emeralds, sapphires and rubies, made in the 1970s, and a number of pieces by Marina B, notably a pair of earrings and a choker; 6pm; Feb 21, 22 (4.30pm & 6.30pm)

STOCKHOLM

OPERA

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300

● Das Rheingold: by Wagner. Conducted by Leif Segerstam, performed by the Swedish Opera. Soloists include Tord Walleström, Per-Åke Wahlgren, Lars Clevenman and Lennart Stregard (premiere); 7.30pm; Feb 22

SYDNEY

EXHIBITION

Art Gallery of New South Wales Tel: 61-2-2251700

● Masterpieces of the 20th Century: The Beyerle Collection: exhibition featuring works from a collection of 20th century art put together by Swiss collectors Ernst and Hildy Beyerle. Included are works by Picasso, Leger, Cézanne, Giacometti, Matisse, and Dubuffet; to Mar 2

THESSALONIKI

EXHIBITION

Thessaloniki Cultural Capital '97 Tel: 30-51-867800-6

● Max Ernst: exhibition featuring a wide range of sculptural work by the artist who became a leading light of the surrealist movement. The exhibition is held at the Municipal Art Gallery; to Feb 22

VIENNA

CONCERT

Wiener Kammeroper Tel: 43-1-5120100

● Les Contes d'Hoffmann: by Offenbach. Conducted by Edgar Seipenbusch, performed by L'Opera de Nancy et de Lorraine. Soloists include Ofelia Sala, Morenike Fadayomi and Michael Philip Davis (premiere); 7pm; Feb 19

Wiener Staatsoper Tel:

43-1-514442960

● Otello: by Verdi. Conducted by Oren and performed by the Wiener Staatsoper. Soloists include Frittili, Waleska, Domingo and Weikl; 7pm; Feb 21, 18

WASHINGTON

EXHIBITION

Hirshhorn Museum and Sculpture Garden Tel: 1-202-357-2700

● Jeff Wall: an internationally touring show, featuring 30 large-scale colour transparencies in light boxes by the Canadian artist. Wall's back-lit photographic images are meticulously staged contemporary narratives, which draw from film, street photography and pre-20th century paintings by Manet, Delacroix, Poussin and others; from Feb 20 to May 11

ZURICH

EXHIBITION

Kunsthaus Zürich Tel: 41-1-2516765

● Wunderkammer Österreich: exhibition on the theme of Austrian intellectual and cultural history. Well-known figures from Austrian art and history emerge in a new light: Gustav Klimt, Egon Schiele and Oskar Kokoschka, the architects Josef Hoffmann and Otto Wagner, as well as "drop-outs" from the house of Habsburg or famous Austrian film directors such as Fritz Lang and Billy Wilder. The exhibition charts an ambitious survey of Austrian creativity, taking the visitor from bizarre inventions and bold theories to the anarchical humor of the Wiener Gruppe and works of contemporary art; to Feb 23

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CHESS

Among techniques to worry your opponent in the opening, the h pawn nudge ranks highly. Many black players favour an early fianchetto development of the king's bishop at g7. Sometimes the main idea is a bulwark for the castled king, while in the fashionable Sicilian and King's Indian formations the plan is that the bishop will support a queen's side advance or counterplay on the dark squares.

An early h2-h4 by White against a g7 bishop can be a display of attacking intent, as in sequences like 1 d4 Nf6 3 c4 g6 3 Nc3 Bg7 4 e4 d5 6 Be2 0-0 (King's Indian) 6 h4? or 1 e4 d5 2 d4 Nf6 3 Nc3 g6 4 Be2 Bg7 (Pirc) 5 h4? The move can even be just a way to sow psychological confusion as in 1 c4 (Black expects a slow positional game) g6 2 h4? King pawn openings with 1 e4 e5 rarely involve black fianchettoes, but this week's game, won by a grandmaster in the 1996 US Open, shows that the h pawn nudge can be effective there, too (A Shabalov v V Bhat).

1 e4 e5 2 Nf3 Nf6 3 d4 exd4 4 Nxd4 Black can also play 3... Nxe4 4 e5 Nf6 5 Nf3 Nc6 6 Qf4 g5 Karpov against Kasparov played Nf5 9 Bb5 Bb6. 9 Bb3 Bg7 10 0-0 0-0 11 h4? White's queen and rook are ready for immediate action along the h file. Be6 12 h5 Qf6 13 Qh2 Rf6 14 hxg6 hxg6 15 Bg5 Qf5 Black's game still looks safe, but White's next turn eliminates a key defender. 16 Rxd6! cxd6 17 Bd3 Qa5? Missing the main threat; Black's last chance is Qg4. 18 Ne4 Nf4 19 Qh7+ Kf8 20 Qh8+! Rxb8 21 Rxb8+ Kg7 22 Bf6 mate.

No 1167
White to move; can he win? White is trying to force his pawn through to queen, while Black hopes to draw by a king sprint to the queening square e8.
Solution Page 17
Leonard Barden

BRIDGE

This quaint little problem is so simple to solve, yet it vexed two experienced players during a friendly match. The reason they missed it? Nothing is automatic...

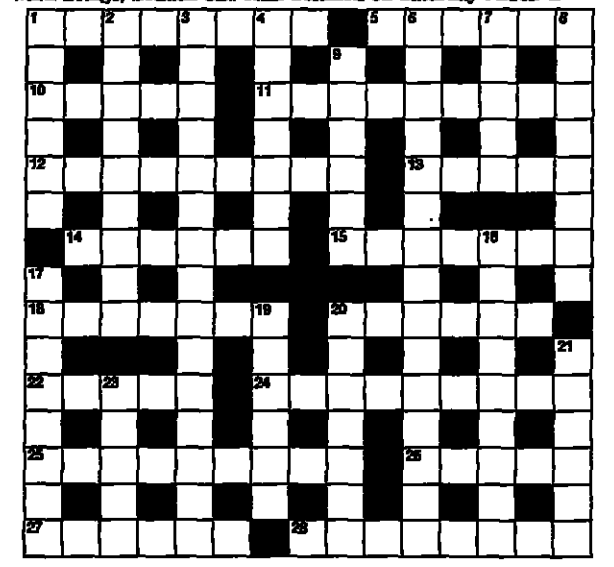
N
A Q 9
A J 7 2
J 10 9 2
9 7
W E
10 7 4 2 A K J 6 3
K 5 4 8 3
Q 6 5 3 2 J 10 8 4

South opened 1H, West should, and did, resist bidding, and North bid 2H. South made the sensible punt of 4H. West led A4. East encouraged with 84. West continued with K4. East completing his peter with 34. West now led a third diamond, East ruffed, and that was the end of the defence - declarer pitches 54 on dummy's J4. As declarer, a count of tricks or losers at trick one is essential. This count is vital for defenders also. After West leads A4, East can see two diamond tricks and a spade trick. His trump trick is a certain natural winner - he does not need a ruff to score it. His spade trick, however, is far from certain. He must make it before the declarer has an opportunity to pitch spades from his hand on dummy's long diamond suit. At trick one, East discourages a diamond continuation by playing 34. Hopefully, West will find leading through dummy's spade strength more attractive than leading around to declarer's club holding. If a spade appears at trick two, that is your fourth trick established. It is an easy defence. It just doesn't feel easy...

Paul Mendelson

CROSSWORD

No. 9,301 Set by DINMUTZ
A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday February 26, marked Crossword 9,301 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9SL. Solution on Saturday March 1.



Name: _____ Address: _____

ACROSS
1 Silly talk after knocking back two halves in German bar? (4-4)
5 Boris, a group making a mark in the charts (9)
10 Ino new to the Spanish (5)
11 Not widely distributed ground element (4-5)
12 Ramsey Cup presented for such mastery (8)
13 Zoo favourite also embraced by Dad (5)
14 News of saving people with religious music (6)
15 Fugitives without a place to land, to the south? (7)
16 Basic flaw in this kind of surgery (7)
20 Dress up? (6)
22 Impenetrable pitch initially applied to top of house (5)
24 Theatre safeguard (9)
25 Tenure in which landlord's first to relax grip? (8)
26 Responsibility for coating university with gold paint (5)
27 Bond forged by Ratty, perhaps, with energy (6)
28 Revolutionary Shaker? (8)
DOWN
1 Order coming out of Thebes (6)
2 Opposed to false singing in response (9)
3 Oddly, bottled proof to be protection against rounds (11,4)
4 High post? (7)
6 Panel druggist, he makes up a late settle (6,7)
7 Nobleman has nothing in farm outbuilding (5)
8 Run through train? (8)
9 Devotion of pair always right? (6)
16 This vicar turned out to be an historian (9)
17 Rev up? (3-5)
19 Fill me up with game (5)
20 Barking type with a grip on the board? (7)
21 Striker merits new settlement (6)
22 Make speech with no charge (5)
Solution 9,308

WINDERS 9,308: Miss G. Sanderson, Ertwhven, Perthshire; Mrs M.J. Adams, Stram, Dunbarton; Clark, Edinburgh; T.S.N. Deaville, Almonci, Portugal; Miss J. McKeaster, Stridale, Aberdeen; R.A. Rowbotham, Chesterfield, Derbyshire.

There's

The spacecraft Pioneer 10 was sent aloft in 1972 with an expected life of three years. Its primary objective was to reach the environment of Jupiter.

It was a tricky objective. An asteroid belt lies between Earth and Jupiter and there was a great danger that the craft would be hit and destroyed. It wasn't, and having got a speed boost from a swing around Jupiter's atmosphere, continued outward into distant space.

Seti is the Search for Extraterrestrial Intelligence. It has its headquarters in Mountain View, California. Astronomer Frank Drake works with Seti and has been using Pioneer 10 as a diagnostic tool in searching for signals from a distant civilisation.

He and Carl Sagan, the astronomer, designed a plaque which was attached to an antenna of the spacecraft.

It contained symbols, binary numbers and drawings designed to convey information about our planet to any extraterrestrial it might encounter.

Pioneer 10 took a quarter of a century to reach a point 10bn kilometres from Earth. From this lofty distance it continued to send signals using an 8W transmitter. These signals were taking nine hours to reach Earth. When Nasa ordered a halt to communications with Pioneer 10, it cited operational costs and diminishing scientific returns. Drake was disappointed.

It was therefore with great astonishment that he looked through his window yesterday to see Pioneer 10, like a fossilised spider, lying in his garden. It is a mere 9ft long.

Not surprisingly, he rushed out and discovered that where his coded message had once hung was now a much longer coded message, loosely

translated as follows.

"I picked up your toy in my environment and was quite intrigued by your message. Many such objects pass this way. I usually tend to ignore them but yours was a first from this direction so my curiosity was whetted."

"I tuned my attention to your colourful little orb and read your speculation and dreams. I have been advised by neighbours not to meddle in your affairs. They say you have something of a celestial reputation for tantrums. 'Given to un-universal excess' was how they put it. 'Especially since the accident', they said."

"But I simply must. I've got to do something to stem your useless outpouring of energy."

"I should tell you that there

are two Universes on either side of a Black Hole. One is Reality and the other Virtual Reality. The Virtual Reality side is a punishment area for those who have not conformed to the standards required on this side."

"You are now on the wrong side of this divide. It is said that you were overwhelmed with pride about your own physical beauty and, while strutting your curvature and complexion, you failed to take account of the Black Hole. They say you fell in."

"Some suggest that other Orbs on this side of the divide were scandalised by your pride and that they conspired and pushed you. I can't confirm or deny this. But I do know you took quite a tumble."

"Just like Alice you came out

on the wrong side of Reality. You now suffer from Humpty Dumpty Syndrome and there is much speculation about your ability to get yourself together again and back to this, the right side of Reality."

"Fragmented intelligence is one of your conditions due to your isolation in Virtual Reality. Millions of living things scurrying around your surface, making little effective communication, is not conducive to finding a path out of where you are."

"Fragmentation we call it. It is not the normal condition on the Reality side of the Universe. We are singular masses of intelligence. A unity without the necessity to trust faulty communication. While you are, shall we say, in bits."

"So you see your present search will not find your origin. You are looking for a set of circumstances which would give rise to a condition similar to your own. But you won't find it. Only victims of The Fall (as we call it) are as you are, and at the moment you are the only such victim. You are alone - in both location and condition - in our Purgatory, a temporary place of punishment."

"To assist you on your road to recovery I have to tell you something else. You are not the reason the Universe exists. Nasty little shock this I am sure, so soon after Galileo knocked you off centre stage."

"But you are still harbouring traces of the self-centredness that got you where you are."

"You assume that there exists a transition from microbe to man and that this represents progress. There is an order and a hierarchy in your idea of evolution. You speculate about an originator who set in progress this evolution. You ascribe to that originator attributes of freedom from constraints of time and space."

"Did it not occur to you, however, that you might have things a little upside down? Confusing beginning and end?"

"This is the psychological condition of invention and reversal brought about by your tumble. You've got a knot in your line, in a manner of speaking."

"This phantom originator is your own past. But now you've got to do a flip and put this phantom in your foresight rather than hind sight. This way you might see a light at the end of your tunnel."

"You have my best wishes for a speedy recovery. Tuck your Pioneer 10 under your pillow and keep a keen eye on where you are going."

True Fiction

Down to earth with a bump

A space probe is sent back with a message - we are evolving backwards. Paddy Linehan explains

Arcadia

Why the English turned their backs on the soil

Peter Mandler contends that the supposed love of a nation for its rural past is no more than a myth

It has become an article of faith in the late 20th century that the English have a special, unique, practically racial bond to their countryside. Landscape painting, rambling, angling, gardening, conservation, organic farming, anti-roads campaigning - all patently international phenomena - are proclaimed as quintessentially English.

Conversely, whenever anything goes wrong in the city - as things do in cities - it is laid down to the peculiarly English hatred of cities and love of the country.

Why this myth should prevail quite so unanimously today is hard to understand. If anything, it could be argued that, compared with their Continental neighbours, the English have historically been unusually alienated from the countryside.

Lacking a peasantry rooted in the soil, they took off for the cities in the 19th century as soon as food imports, agricultural technology and new employment opportunities made it possible to do so.

By 1900, Britain as a whole - including the thinly populated Celtic fringe - had become not only the most urbanised nation in Europe, but one of the most urbanised in the world, reaching levels of density that Germany achieved only as recently as the 1960s.

Although some politicians - and many intellectuals - grew alarmed at the end of the 19th century about the rate of rural

depopulation, the voters put no pressure on them to do anything about it. The masses were urban and proud of it. Unlike French or German city dwellers, they had cut their ties to the countryside once and for all.

On the Continent, migration to cities tended to be hesitant and circular. Townspeople retained connections to their rural *heimat* or *petit pays*; they holidayed there, retired there, remained part of extended peasant families, kept on what the French call a *residence secondaire*. (This is still a part of French middle-class life: how many urban professionals in England own property where their great-grandparents once farmed?)

In contrast, the English migrated not between cities and country but between one city and another. Their cities grew so rapidly that they sprawled out into the countryside, but the resulting suburbs for all their gardens and bits of half-timbering, were still recognisably urban, built around cinemas rather than churches, tied by transport and employment links with city centres.

The English holidayed at and retired to the seaside, not their country of origin. They kept only a distant folk memory of their rural roots.

During this period of urbanisation - indeed, for most of the last 150 years - the countryside that remained fell into neglect. Empty of its people, it took on a certain austere beauty, but it was not a beauty the urban masses would necessarily appreciate.



One shrewd commentator at the turn of the century described the English countryside as "land-lords' country... broad parks, stretches of private land, sparsely cultivated, but convenient for hunting, shooting, and a kind of stately splendour."

This he compared unfavourably to the Continental "peasants' country... the beauty that is provided by security and close cultivation... a source of food supply and the breeding-place of men."

Even the stately homes of England, which in the 18th and early 19th centuries had been widely visited as shrines of art and history, became deeply unpopular as symbols of

desperately departed grandeur. At a low point around 1890, only a handful remained open to the public, and these were mostly semi-deserted, seedy, ripe for demolition.

This is not to say that English urbanites received no enjoyment from the countryside. Rural leisure is a natural complement to urban life everywhere.

But in this country, enjoyment of the countryside had to be learned, almost reinvented. In this the English often had to follow the lead of peasant countries where the countryside was always sanctified.

Amateur watercolourists copied the French. Ramblers and campers joined a movement that

had originated in Germany. Climbing, of course, was Swiss. There were many more French chateaux open to the public before the second world war than English country houses.

Even before the Nazis added their vein of biological mysticism, the Germans and Austrians were well ahead of the English in preserving beauty spots and sites of special natural interest.

Befuddled perhaps by the National Trust's recent centenary celebrations, we tend to forget that for the first 50 of its 100 years it was a small club of enthusiasts, ignored or mistrusted by a wider public.

From where, then, have we got the myth of a special relationship

with the countryside?

Its origins lie earlier in this century, when alienated intellectuals, appalled by the new urban democracy, hymned an idealised rural England they knew was lost.

The Wind in the Willows, for instance, was written by Kenneth Grahame not so much in praise of the countryside as to curse the stoats and weasels in human form who had ruined it. (Poor Grahame had recently been shot by a deranged Socialist rampaging through the Bank of England, where he worked, and this understandably put him off the modern world.)

It is only recently - perhaps as recently as the 1970s - that the

love of the countryside swelled from a minority plant into a majority crusade. Environmentalism and conservation deserve much of the credit.

But these are again international phenomena. Across Europe, there has been a general revision against cities and modern architecture and a turning towards their opposites. This is, perhaps, a natural, cyclical reaction.

Let us not exaggerate it, and thus over-extend it, by calling it unique or special, giving it historical roots it does not deserve. *Peter Mandler is the author of The Fall and Rise of the Stately Home, to be published this spring by Yale University Press.*

Metropolis

Dancing beneath the cranes

Frederick Stüdemann tunes into the techno beat that is powering the rebuilding of Berlin

Naked apart from their jackboots, the two men dancing on the bar would have been the centre of attention in the machine hall-turned-nightclub - had it not been for the bare-breasted, dreadlocked girl at their side. Her banes howls pierced even the deafening noise of one of Berlin's most infamous clubs.

But the real attraction of the E-Werk, housed in what was once one of Berlin's largest power stations, is not the dress (or undress) of the guests, nor the grimy steel and tiles, nor the grotesque pastiches of Socialist Realism hanging behind the bar, but the bang and growl of hard-core techno music.

The E-Werk is one of many Berlin clubs which sprang up in the shadowlands left by the city's cold-war division and the collapse of Communist industry. In the immediate aftermath of Berlin's reunification, such clubs and bars popped up across the eastern part of the city as seekers of pleasure (and fortune) discovered the potential of derelict factories, wartime bunkers, border towers and crumbling office blocks.

E-Werk may not be unique, and its popularity has robbed the club - and techno music - of truly hip cachet. But E-Werk still has a certain quality which lifts it above its contemporaries.

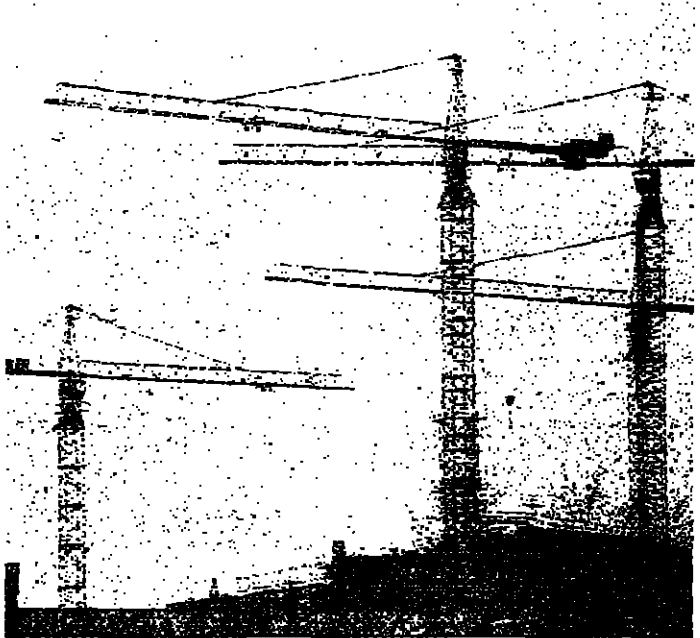
Perhaps its industrial provenance gave it an edge as a home for techno, the dance beat of the early 1990s which captured the

mood and attention of Berlin as sounds associated with redundant industrial production were revived as an entertainment genre. Perhaps it is its location, a few yards from the former Wall and opposite Goering's Reich Air Ministry on Wilhelmstrasse, the Whitehall of pre-war Berlin.

Until 1994, the air ministry building was home to the Treuhand, the agency which privatised east German industry. Together with the E-Werk, the two buildings encapsulated the spirit of the early to mid 1990s. On one side of the road, bureaucrats, lawyers and consultants tried to rescue something from the ruins of a command economy; on the other, an eclectic mix of ravers, ageing night-hawks and the plainly curious threw caution to the wind and pushed the barriers of after-hours entertainment further and further beyond breakfast time.

While the rest of the populace may be too busy earning a living to party all night, techno's organ rumbling sounds have provided an appropriate beat for Berlin as a whole, as the city is refashioned as Germany's new capital.

Measured by to the crane index, Berlin is Europe's biggest



Dizzying: In the crane index, Berlin comes top

building site. There is hardly a street in Mitte, the central district in the east, which has not been dug up or closed off. The biggest site is the Potsdamer Platz project being developed by

Daimler Benz, Sony and ABB. Here, more than 5,000 people will one day work in new offices. There will be cinemas and hotels and a few luxury flats.

To make all that possible the

developers have turned what was once a bit of scrubland bordered by the Wall into a surreal scene.

It warms the heart of any construction engineer and causes the rest of us to gawp. Foundations are laid by divers in arctic, water-logged holes. Trains continuously feed the site with concrete, steel and sand. Here and there the first buildings emerge. And through it all runs one of the key east-west link roads, giving drivers a close-up view of the inner workings of a behemoth of building engineering.

Somewhere in the midst of all this stands the Esplanade, one of the few buildings to survive from the time when Potsdamer Platz claimed to be the busiest spot in Europe. A *fin de siècle* hotel once patronised by royalty before becoming a ghoulish café with tarnished mirrors and louché tango evenings, the Esplanade was recently shunted off its foundations to make way for one of Sony's new buildings - a demonstration of Berlin's enduring ability to take fragments of the past, shift them around and blend them into some uncertain future.

All this construction work is dizzying. Even the most deep-rooted Berliner feels alienated as the city map changes under his feet.

This induces ground-level vertigo, as reference points are shifted. To add to the confusion, roads are closed or re-routed at short notice. Taxi drivers ask customers the "current" route to their destination. Even the Spree river has been (temporarily) redirected to make way for the construction of the government district near the Reichstag.

While the building sites provide a topic for complaint, they are not without attractions. Besides the engineering feats required to sink foundations into swamp, the sites also offer endless opportunities for speculation about how things might be.

Last year, in a rare moment of inspiration, the city government, the Senate, took advantage of this when it decided to counter a dip in tourist numbers with a campaign aimed at making the Baustelle (building site) into a Schaustelle (spectacle).

A programme of talks and tours was organised and proved a success. On the Potsdamer Platz, a red "info-box", detailing the project's progress has attracted more than 1m visitors.

To look at the architects' drawings and the various scaled-down models now on show across town, the Berlin of tomorrow offers an upbeat picture. Gleaming glass and steel blocks will face buildings of brick and stone, laden with historical references. (To judge by those buildings already completed, Berlin will be a city full of unremarkable glass, steel and stone.) And among all this will be a happy, smiling populace - as opposed to gruff and stressed-out Berliners of today.

But Berlin is used to being given a complete makeover. Over the past eight centuries or so the city has become adept at picking up the pieces in the wake of robber barons, invading armies, aerial bombardment and home-grown divisiveness.

In 1910, the art historian Karl Scheffler wrote that the city was damned always to be "in a state of becoming and never of being". For Scheffler such restlessness, and the opportunities it conjures up, was a sign of Berlin's status as the *parricida* among German cities. But it was - and still is - also one of the city's great charms.

To the habitually jaded Berliner, German unification is also a case of *déjà vu*. Just as the city now finds itself confronted with a new role, so in the 1870s it suddenly found itself in the centre of Bismarck's newly created Reich. Back then, unification sparked a surge in property speculation and then, predictably, a slump, events many Berliners today would recognise.

Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)	Interim dividend per share (p)
Amrad	GLSE	Dec	1,700 (5,400)	1.25 (1.25)
Amrad/Brax	GLSE	Dec	1,000 (5,400)	3.3 (3.3)
British Airways	Tras	Dec	583,000 (534,000)	-
Bryant	R&D	Nov	15,400 (10,100)	1.45 (1.45)
Celco	AIM	Dec	2,070 (920)	-
Comigel	SpSv	Dec	1,700 (1,440)	1.8 (1.54)
Delagay	F&P	Dec	43,000 (69,400)	8.5 (8.5)
F & C Inc & Ship	GLSE	Dec	-	0.8 (0.78)
Flaming Emerging	Int'l	Dec	145.2 (161.5)	-
Flaming Overseas	Int'l	Dec	288.2 (288.5)	1.5 (1.5)
Flaming Leisure	Prop	Dec	1,020 (502)	-
Flaming Leisure	Tech	Dec	1,000 (2,290)	-
Internet Tech	AIM	Oct	1,000 (80)	-
Interoute Tech	AIM	Nov	1,100 (800)	-
Jersey Phoenix	Int'l	Dec	123.74 (120.68)	1.5 (1.25)
Laf. Co	GLSE	Dec	1,100 (2,280)	-
London Industrial	Prop	Dec	3,580 (3,040)	-
TR City of London	Int'l	Dec	186.95 (167.28)	1.54 (1.42)
Tor	Int'l	Jan	1,845 (1,885)	11 (10)
Willard of Chelsea	AIM	Nov	550 (599)	-

Figures in parentheses are for the corresponding period. Dividends are shown net of tax per share, except where otherwise indicated. L: Loss; P: Profit; S: Share; V: Value. * 14-week figures; ** 20-week figures; *** 32-week figures; **** 44-week figures; ***** 52-week figures.

Last week's preliminary results

Company	Sector	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Amrad	GLSE	Dec	48,000 (57,800)	38.4 (34.2)	15 (12.9)
Amrad/Brax	GLSE	Dec	182,200 (163,900)	294 (252)	2.84 (2.5)
Benson Drags	F&P	Nov	2,000 (700)	-	1 (1)
British Petroleum	Oil	Dec	2,552,000 (1,122,000)	45.5 (20.2)	16.5 (16.25)
Edinburgh Jam	Int'l	Dec	35.3 (26.5)	0.33	-
FP Global	Int'l	Dec	66.74 (76.19)	7.67 (8.72)	7.65 (8.62)
Gardiner & Theobald	Int'l	Dec	115.5 (102.9)	1.95 (1.72)	1.8 (1.6)
General Cons	Int'l	Dec	250 (240.1)	10.85 (9.95)	10.1 (8.58)
Greenfield	Int'l	Dec	544.3 (513.5)	7.02 (5.51)	7.25 (7.05)
Headline Treasury	AIM	Oct	1,670 (1,720)	19.7 (16.1)	7 (6.75)
Headline Treasury	AIM	Dec	8,590 (25,000)	134 (377)	27.82 (25)
IS Ltd	Int'l	Dec	1,000 (1,000)	1.11 (1.08)	0.75 (0.7)
Ion Business	Stras	Nov	2,230 (204)	4.55 (2.32)	-
Richmont Charter	Int'l	Nov	344.8 (291.7)	6.71 (5.96)	5.85 (5.9)
Life Sciences	Int'l	Dec	100.8 (1)	0.33 (1)	-
Life Sciences	Int'l	Dec	23,800 (20,700)	8.7 (7.8)	4.8 (4.8)
Marine UK Index	Int'l	Dec	179.97 (161.28)	5.49 (4.85)	5.3 (4.9)
Mercury Wld Mining	Int'l	Dec	89.7 (106.27)	1.18 (1.32)	1.15 (1.1)
Morgan Stanley	GLSE	Dec	5,170 (3,039)	13.13 (6.03)	42 (27)
Morgan Stanley	GLSE	Dec	801 (81)	11.4 (1.7)	-
Murray Capital	Int'l	Dec	72.5 (65.5)	0.7 (0.6)	0.45 (0.38)
Offshore	Int'l	Dec	65.8 (63.4)	5.16 (5.2)	8 (9)
P & P	SpSv	Nov	14,300 (12,600)	12.9 (11.2)	3.65 (3.15)
Paceo's	F&P	Dec	177 (179)	4.22 (1.25)	-
Paceo's	F&P	Dec	3,500 (2,350)	6.4 (5.3)	3.75 (3.6)
Reactor	Med	Dec	701,000 (580,000)	30.4 (25.8)	11.55 (8.8)
SEI Pan European	Int'l	Dec	52.8 (52.2)	1.11 (1.08)	0.75 (0.7)
Scottish American	Int'l	Dec	207.5 (191.8)	21.21 (24.08)	5.18 (5)
Season	Tras	Sep	858 (853)	2.1 (2.23)	2.2 (2.2)
Shell Transport	Oil	Dec	5,691,000 (4,375,000)	63.6 (47.8)	26.5 (23.3)
TR Pacific	Int'l	Dec	109.8 (107.2)	0.895 (0.862)	0.25 (0.175)
Unilever	F&P	Dec	2,657,000 (2,319,000)	65.9 (57.8)	32.65 (29.4)
Ward	Int'l	Dec	8,110 (3,580)	14.3 (6.28)	4.1 (1)
Ward	Int'l	Dec	2,800 (2,800)	1.11 (1.11)	-
Warrants & Value	Int'l	Dec	38.58 (36.74)	0.05 (0.03)	-
Wills & Wills	Int'l	Dec	91,600 (82,200)	13 (7)	-

Rights issues

None

Offers for sale, placings & introductions

Avalon Oil is to raise approx. £35m via a placing on AIM.
Avalon Oil is to raise approx. £250m via a placing & intermediaries offer.
Core Group is to raise between £15m & £20m via a flotation.
Technoglass is to raise £10m via a placing of 8m shares @ 125p each.
Ushers is to raise approx. £40m via a placing.

The week ahead

Flu season for SB

TUESDAY: Analysts' forecasts for full-year results from SmithKline Beecham are closely bunched around 38p earnings per share and £1,500bn in pre-tax profits. But the company retains a potential to surprise the market with better figures thanks partly to a "good" influenza season in the US, which is likely to boost sales of its antibiotics, and strong demand for its anti-depressant Seraxat/Paxil.

TUESDAY: When Barclays Bank reports, the strongest growth is likely to have come from UK retail banking, with the Barclaycard credit card business continuing to generate high returns from its dominance of the market. Business banking is expected to grow steadily, while BZW, the investment bank, is likely to have been held

In The Pink

Prices? Your guess is as good as theirs

Even the top men at Shell and BP admit they're not certain, writes Robert Corzine

There was substantial sympathy for a shareholder who spoke at this week's meeting to approve the demerger of British Gas. He told his fellow small investors that he had sold British Petroleum shares - one of last year's best stock exchange performers - to buy into the troubled UK gas giant, which had the dubious distinction of being one of the worst.

The pain must have been particularly acute when he saw just how quickly a rise in crude oil prices last year lifted BP's share price - as well as those of many other oil companies - to record highs.

This week, BP and the Royal Dutch Shell group - the biggest international oil company - each reported a 30 per cent jump in profits for the year that ended in December, largely on the back of higher oil prices.

But both the chairmen expressed caution about the direction of crude prices, which have fallen sharply over the past few weeks.

On February 3, the price of Brent Blend for March delivery - the yardstick against which much of the world's oil is priced - was \$24.15 a barrel. By late yesterday, it had fallen to \$20.80.

John Jennings, the chairman of Shell Transport and Trading, the London-based arm of the group, said last year's oil price rally had caused the Anglo-Dutch group to raise the price threshold against which it evaluates new oil development projects. It was increased from \$15 to \$16 a barrel.

But Jennings would not be drawn on where the oil

In the lap of the gods

Oil price (Brent, 2-month forward) \$ per barrel

price might go from here. Although he saw "... signs of some weakness as summer approaches," he acknowledged that he was "hopeless at seeing what will happen in the future". His counterpart at BP, Sir David Simon, caused a small ripple in the markets on Tuesday when he said that the strong growth rates last year could not be

Oil sectors relative to the FTSE All-Share Index

to affect the oil price this year? The weather - or, more correctly, the lack of it in the main industrialised countries in Europe and North America - has had a pronounced effect on oil markets in recent weeks. Although a late cold snap in the northern hemisphere over the next two months cannot be discounted,

There is a consensus in the industry that prices are likely to weaken over the next month or so. The big division of opinion is whether such a trend will carry on

sustained in the light of uncertain external conditions.

"What happens in the outside world affects us greatly," he noted.

His statement was a telling reminder to investors of just how little control some of the world's largest industrial companies have over their destinies. It also raised the obvious question: What are the factors that are most likely

generally mild winter weather has dampened demand for fuels used to heat homes and offices.

The middle of February also usually marks the end of the industry's winter - when demand for oil is at its highest - and the onset of its spring, which is traditionally the weakest time of the year for oil prices.

The most recent price falls were triggered by US

statistics which showed that stocks of heating oil - used in large quantities in the heavily populated north-eastern states - were rising. That removed one of the main props from the price rally which began in autumn when a threatened shortage of heating oil at the onset of the winter caused near panic among US government officials. The markets interpreted last week's stock build-up as a sign that heating oil shortages were no longer a threat, and thus no longer a positive factor for higher crude prices.

There is also no threat to the security of the world's oil supplies, much of which comes from politically unstable regions. "There is a lack of crude oil in the world and no lack of capacity to produce it," Jennings said this week.

There is a consensus in the industry that prices are likely to weaken over the next month or so. The big division of opinion is whether such a trend will carry on

Some, such as Philip Verleger, a Washington DC-based consultant at Charles River Associates, believes a price collapse could be coming because of subtle shifts in the way oil is traded between producers and refiners.

Others contend that low prices will offer an opportunity for refiners to rebuild depleted inventories, a development which would put a floor underneath oil prices.

But it was BP's Simon who this week best summed up the industry's collective wisdom on the subject. "It's oil price," he told journalists on Tuesday, "is in the lap of the gods."

New issues
Avis opts to list

Avis Europe this week announced plans for a London stock market listing in a move expected to value Europe's largest European car hire company at about £700m, writes Christopher Price. The company hopes to raise £250m of new funds.

Avis was floated in 1986 at a valuation of £270m, but was bought out three years later for nearly £900m by Gliva Holdings.

This consortium's majority shareholder is SA D'Ieteren, a family-owned Belgian car importer, and others include General Motors and Avis of the US.

Members of the Woolwich building society this week gave overwhelming backing to its £3.2bn plans to float and become a bank. The vote takes nearly 2.6m savers and borrowers nearer to a windfall share pay-out worth an average of £1,200. More than 95 per cent of those voting approved the proposals.

Ushers, the brewer and pub owner that cancelled its flotation in 1994, is hoping to be valued at about £110m next month when it makes another attempt to come to market.

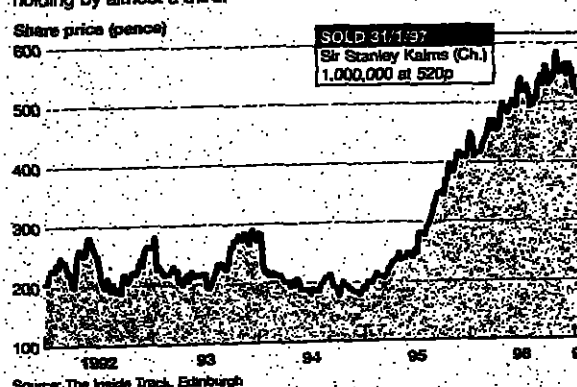
Results due next week

Company	Sector	Announcement date	Last year interim	This year interim
FINAL DIVIDENDS				
Anglo & Overseas Ltd	Int'l	Monday	0.4	0.5
Baile Gifford Ship	Int'l	Thursday	-	0.14
Berkeley	GLSE	Tuesday	9.5	16.5
Carlsbrook Shipping	AIM	Thursday	1.0	-
China Inv. Co	Int'l	Wednesday	-	-
City Site Estates	Prop	Thursday	-	-
Colt Telecom	Tel	Tuesday	-	-
Griffin Group	GLSE	Friday	6.5	7.5
Irish Permanent	GLSE	Tuesday	0.035	0.07
Kelmeat Overseas	Int'l	Wednesday	1.5	1.8
London Forfeiting Co.	Int'l	Wednesday	3.4	6.8
Low & Bonar	F&P	Monday	3.6	4.0
Medeva	Pharm	Wednesday	1.4	2.5
Peptide Therapeutics	Pharm	Tuesday	-	-
Povair	Chem	Wednesday	1.8	3.7
Provident Financial	GLSE	Thursday	11.0	17.0
Rank Group	GLSE	Thursday	4.75	11.0
Rights & Issues II	Int'l	Wednesday	3.0	7.5
Sedgwick	Tel	Tuesday	3.75	4.375
Strathline Bechem	Int'l	Tuesday	1.78	2.22
St. Mowden Props	Prop	Tuesday	-	-
Stadium Group	GLSE	Tuesday	-	1.0
Tet of Property	Int'l	Monday	-	1.744
Updown Ins. Co.	Int'l	Monday	-	15.04
WPP Group	Med	Wednesday	0.445	0.555
INTERIM DIVIDENDS				
Allied Carrels	R&D	Monday	-	-
Allied Leisure	GLSE	Friday	1.0	2.0
BCC II	Chem	Thursday	13.5	13.5
Bolton Group (alt)	Prop	Thursday	-	-
Espritel	AIM	Thursday	-	-
Haggas (John)	Tel	Tuesday	1.5	3.0
Jupiter General Capital	Int'l	Monday	-	-
Macro 4	SpSv	Tuesday	9.3	15.0
Regent Inns	GLSE	Monday	3.15	1.57
Second Alliance Trust	Int'l	Monday	15.0	34.0
VOC	AIM	Friday	5.5	3.825

*Dividends are shown net of tax per share and are adjusted for any intervening stock issues. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. ** 1st quarter; *** 2nd quarter; **** 3rd quarter; ***** Annual dividend shown. The list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

Dixons

The sale of 1m shares by chairman Sir Stanley Kalms reduced his holding by almost a third.



Directors' share dealings Transactions in own companies February 9-7

Company	Sector	Shares	Value £'000	No of directors
Sales				
Abacus Polar	Diat	45,000	94	1
Bellway	BCon	33,000	122	1
Contra-Cyclical	F&P	115,000	13	1
CPL Aromas	PP&P	5,500	11	1
Crest Packaging	RetG	200,000	170	1
Dixons Group	RetG	1,000,000	5200	1
Halstead (J)	B&M	4,000	14	1
Henderson Group	SS&P	2,705	36	1
Lancashire Enterprise	RetG	23,500	33	2
Marks & Spencer	RetG	25,000	124	1
Southnews	Media	100,000	512	1
Stagecoach Holdings	Tran	3,600	25	1
Stanley Leisure	L&H	4,098	12	1
Utility Cable	BCon	335,000	50	1
WF Electrical	Diat	50,000	308	1
Yorklyde	Tel	10,000	19	1
Dawson Holdings	SS&P	8,000	202	1
Dixons Group	RetG	102,000	512	1
Henderson Group	RetG	20,000	288	1
Marks & Spencer	RetG	39,087	182	1
Purchases				
Airsprung Furniture	H&G	10,000	28	1
Alexandra Workwear	Text	25,000	20	1
Baring Emgng Europe	Uncl	42,000	19	1
Caspien	Uncl	100,000	44	1
Crest Nicholson	BCon	90,000	47	1
Domino Print Sci	Elec	4,000	14	1
Dunedin Worldwide	Int'l	3,000	24	1
HTV	Media	4,000	14	1
Man (ED&F)	RetG	63,615	110	2
Mercury Asset Mngmt	RetG	12,000	166	1
Mountainview Ests	Prop	1,350	19	1
Quadrant	Eng	5,000	13	1
Scott Mrtg & Trust	Int'l	5,000	14	1
Somerfield plc	RetG	10,000	17	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and AIM), including exercise of options (100% subsequently sold). * 100% subsequently sold; ** 100% subsequently sold; *** 100% subsequently sold; **** 100% subsequently sold; ***** 100% subsequently sold. Share traded as ordinary, unless otherwise stated. * Capital shares. ** Warrants. Source: The Inside Track, Edinburgh, 0131-473 7070

Bids/Deals
Offer for Chubb

Williams Holdings, the industrial conglomerate, yesterday announced a recommended cash and paper offer worth about £1.8bn for Chubb Security, the alarms and locks group, writes David Blackwell.

The deal would make the group one of the world's leading security equipment manufacturers. Clyde Petroleum on Thursday described the fight against Gulf Canada Resources' £494m hostile takeover bid as "very, very close" as two analysts backed its battle for independence.

Brokers at SBC Warburg and BZW advised the UK oil independent's shareholders to reject Gulf's 130p a share cash offer before next Tuesday.

Both argued that Clyde's prospects would yield more value for shareholders over the longer term.

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Weekend Investor

Wall Street

Intel soars to the top of the heap

Technology stocks continue to propel the Dow upward, writes John Authers

Brokers were happy this week. On Thursday, the Dow Jones Industrial Average, barometer of blue-chip stocks for more than a century, broke the 7,000 barrier barely four months after it had passed 6,000. There was impromptu applause on the floor of the New York Stock Exchange. But a group of 50,000 workers in California had even more to celebrate – and the teenage scribbles in Wall Street owe them more with each day that passes.

They are the employees of Intel, a much more youthful concern than the Dow, which has become a blue chip by making silicon chips. It announced this week that it was paying its staff \$830m in bonuses in recognition of the company's record performance in 1996. All will receive a slice of this payout, which works out at around 33 per cent of base salaries on average.

This is emphatically not a case of Wall Street greed. Since the beginning of last year, working from a base as one of the two biggest companies in an industry already booming, Intel has almost trebled its share price.

Its performance cannot be attributed to stock market over-enthusiasm. While its price-earnings ratio is on the high side, at 27, it cannot be called excessive – the multiple for Microsoft, previously the biggest technology stock, is 52, while General Electric's is 24 and Coca-Cola's 43.

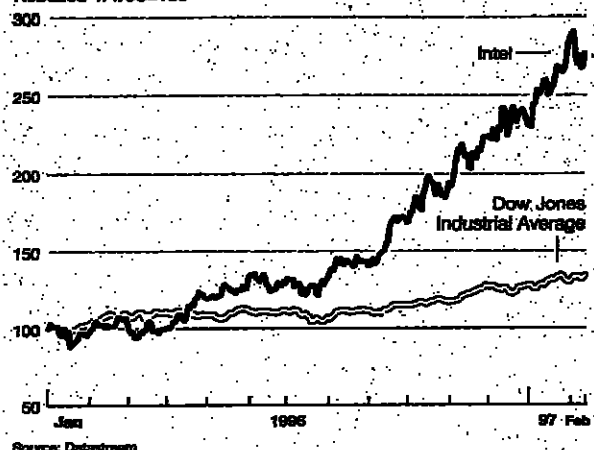
Instead, its strength is derived from its continued dominance of the market for making microprocessors, the essential component of personal computers. This sector, in turn, is increasingly important to the stock market and the US economy.

According to the Federal Reserve Board, total spending on computers increased by more than 360 per cent from January 1990 until the end of last year. But overall industrial production was lacklustre, gaining not much more than 25 per cent.

According to Goldman Sachs, this is tied to "broad, secular change in the US economy, not just cyclical forces". Computer production accelerated dramatically

Putting 7,000 into perspective

Rebased 1/1/85=100



while the rest of the economy stayed in recession during 1990 and 1991, and remains far ahead of industrial production as a whole. In 1996, for example, the sector grew by about 25 per cent while total industrial production grew by about 1.1 per cent.

No wonder, then, that Intel arguably is the new market bellwether, replacing past holders of the title such as General Motors, General Electric and IBM – even though it is not quoted on the New York Stock Exchange, let alone included among the 30 companies which make up the Dow.

Technology stocks, increasingly dominated by what is known in the trade as "momentum" (investors putting their money where the action is), helped to propel the Dow's huge gains in November, and they have fuelled its volatility so far in 1997.

On Monday, for example, the Dow tumbled almost 50 points on the back of a sell-off in the technology sector (even Intel shed 34¢ to \$151.14), triggered by a profits warning from 3Com, a large computer networking company.

On Wednesday, the main reason traders could provide for a huge 103.53 point gain in the Dow was the announcement from Applied Materials, a maker of chip-manufacturing equipment, that its profits were better than expected.

This brought momentum back to the blue chip companies as well as the high-tech specialists.

Now that the Dow has topped 7,000, only 82 trading days after its last landmark, what are the prospects for 8,000? The points made by both the bulls and the bears are distinctly reminiscent of the arguments when the Dow passed 6,000.

Bulls can point to the continued strength of corporate America, as revealed through profits announcements, and to the continued health of the economy, with growth at a steady and healthy rate in an environment of low interest rates and low inflation.

They also have on their side a revived dose of liquidity from small investors, who put \$24bn into equity mutual funds last month.

Bears point out that stocks are expensive by virtually any measure, and that history has no precedent for a rising market to continue at its present rate for much longer. They can add that some mutual fund managers are getting nervous about the money pouring into their coffers, and are worried that their new investors have unrealistic expectations that the stock market's bull run can continue.

Both camps can agree that the fate of the technology sector will be of growing importance as the Dow sets out on its next 1,000-point march.

Dow Jones Ind Average			
Monday	6,806.54	-48.26	
Tuesday	6,858.11	+51.57	
Wednesday	6,961.63	+103.52	
Thursday	7,022.44	+60.81	
Friday			

London

On the trail of Mr Big

Magnum ready, Philip Coggan turns detective

The name's Hack. Efty Hack. I have been walking the mean streets round Southwark Bridge for so long that I thought I'd seen it all. But then a dame with a figure that could make even Alan Greenspan feel irrationally exuberant walked into my office.

"Oh, Efty," she smirked. "You've got to help me." "What is it, babe? Man trouble?"

She nodded. "It's my husband. I don't know what's come over him. He's become a..." She broke down for a second.

"An alcoholic?" I asked. I seen a lot of those problems. "A stock market investor. Once I could talk to him about normal subjects like music and sport. Now he's always jabbering about price-earnings ratios and the FTSE 100 index."

"And recently it's got worse. It's like he's always on a high."

"Leave it to me," I said, climbing into my trenchcoat and feeling the reassuring bulge of my Magnum notebook in the pocket. "I'll get him back to normal."

There was only one way to crack the case. I'd seen all the rackets: booze, drugs, pork belly futures. Behind them all, there was always a mastermind, a Mr Big. I just needed to find him.

My first stop was at a seedy City bar. I was looking for Swiftly, a weaselly-looking runt who calls himself a "broker". Sure enough, he was seated in a booth, sucking up to one of his so-called clients. The guy took one look at my press pass and made a hasty exit.

"So, Swiftly," I said, grabbing him by the lapels. "This stock market racket. Who's behind it?"

Swiftly looked nervously round the room. "OK, Efty. But it's got to be off the record. This is an interna-

tional deal. Wall Street, Europe, they're all in on it. Everybody except the Japanese."

"And what's their angle?" "It's like the early days of the drug business. You start by selling it cheap, then when everybody is hooked, you rack up their prices."

"This time, money is cheap. Interest rates are low and everybody's got a taste for stocks. You should try it, Efty. You'll love it. I've got this great Aim company for you."

"Cool it, Swiftly, I never touch anything stronger than a unit trust. Who's the local boss? I want to talk to him."

Swiftly let out a low whistle. "You're crazy, Efty. You'll never get through to him. That guy has got protection: press officers, junior ministers, the works."

"Leave it to me, Swiftly. All I need is a name."

"It's your funeral. Well, he calls himself the Chancellor



Oh, Efty, she smirked. 'You've got to help me'

— but everybody knows him as the Fat Man."

"Thanks," I tucked a twenty into his top pocket as "commission" and hit the road.

No sooner had my feet touched pavement than a black Daimler drew up beside me and a couple of heavies – they looked like monetarists – beckoned me inside.

"Come for a ride, Efty. I hear you're looking for the Fat Man."

I stepped inside. "News travels fast."

"Hey," shrugged a large-looking guy in black shades. "It's an efficient market."

"So you guys work for the Fat Man?"

The hood laughed, sardonically. "No. There's another game in town. We have a message from the Governor. The Fat Man's gone crazy. He's refusing to raise interest rates despite all the evidence."

I nodded. "And while rates are steady, the stock market keeps going up, right?"

"Smart guy," he snarled. "No one likes to be a party pooper. Who cares if companies are coming out with profits warnings, or if analysts are shading down their earnings' estimates because of a stronger pound? Everybody wants to be part of a rising market."

"So what do you want me to do?"

"You've got connections. Warn the public."

They dumped me by my office. The way I figured it, that guy was one of the bears I had heard about. They'd been fighting a turf war with another gang, the bulls, and had been losing out. Obviously, they were getting desperate.

Back at my desk, there was a note to call an out-of-town number. No name, but that's often the way my sources operate. I dialled.

"You were looking for me?"

"Yeah, Efty. Listen, and listen good. The Fat Man's days are numbered. There's a contract on him."

"Who?"

"Quiet guy, doesn't smile much. Just calls himself Mr Brown. The hit's coming soon but I'm not sure when. Could be March 20, April 10 or May 1. Seems like Mr Brown wants to please someone who I can't name."

"Let me guess. The Governor?"

"Hey, you're good. Any way, when Mr Brown controls the operation, he will raise interest rates like the governor wants. Then his real game will start: skimming the cream off utility profits with a windfall tax. Everybody has an angle."

It was the break I needed and I called my client right away. "Good news. I think your husband's infatuation may be coming to an end. After a period of cold turkey, he should be right as rain. Some time in May, I think."

"Gee, thanks, Efty. I'll pay you then."

"Sorry, babe," I said. "I don't deal in futures."



Barry Riley

A really sterling performance

Now the big pressure is on the continental economies

Time is a great healer. On Black Wednesday, September 16 1992, the Bank of England made a hopeless attempt to hold the sterling exchange rate at its ERM floor level of DM2.78. On Wednesday this week, however, the rate at one time in the morning touched DM2.788.

The rate has slipped back since. But you never know: on a trade-weighted index basis, sterling (now 97.7) could end this parliamentary term higher than the 99.1 where it stood on April 9 1992, the date of the last general election.

Meanwhile, though, the British currency has been through the mangle. At one time in 1996, the pound was worth as little as DM2.18, some 26 per cent lower than the old ERM central rate. Such wide fluctuations provide a superficial case for introducing more stable exchange rates, even a single currency (which multinational company bosses appear to believe would make life simpler for them and allow them to downsize their costly corporate treasuries).

Yet, the scale of the variations also provides a warning of the challenges that would face a European single currency area. If the underlying pressures could not be relieved through

exchange rate realignments, they would be manifest in violent regional booms and slumps, and sharp changes in local inflation rates.

In just over four years, the tables have been turned as far as the UK and the big continental economies are concerned. Germany and France are suffering much as the UK did in 1991 and 1992. In 1991, remember, German gross domestic product expanded by 5 per cent thanks to the reunification boom, while the British economy shrank by 2 per cent. Interest rates, perversely, were held higher in the UK than Germany.

Now, the UK is expanding at 3 per cent plus while Germany is in near-recession, with soaring unemployment, although the unbelievable official forecasts look for economic growth of more than 2 per cent in 1997. Short-term interest rates are twice as high in the UK, this time quite logically so, and would be higher still if the Bank of England had its way.

Few people, however, have forecast sterling's strength accurately. The circumstances are not at all typical of the past. Historically, it has been the pattern for sterling to depreciate when Britain was booming. Interest rates were raised, partly to persuade foreigners to hold the

currency – as when base rates were hoisted to 15 per cent in 1989. Conversely, in the 1970s for example, hard currencies like the D-Mark and the Swiss franc offered only very low interest rates, but the likelihood of capital appreciation compensated.

We must now junk this old framework and seek

No wonder UK politicians prefer to avoid the whole subject of the single currency

some new insights. Recently, the strong currencies – the dollar and sterling – have been the ones with relatively high interest rates. The weak currencies have offered very low money market rates – most dramatically, the yen's 0.5 per cent token return.

In fact, sterling has risen against the yen by 52 per cent inside two years, and by 26 per cent against the once-mighty Swiss franc in just six months. The rewards for those prepared to borrow the Japanese currency – the "yen carry" trade – and take currency risks have been immense. In the 1970s and 1980s, all

the developed economies were growing quite fast but some – such as the UK – tended to suffer from regular overheating and inflation. The situation in the 1990s is very different. Japan and Germany have seriously lost competitiveness against the US and the Asian tiger economies. In the case of the US, this has been achieved largely through a restructuring of the labour market (which, to some extent, has been followed in the UK as well).

In Japan, the unemployment is concealed. In Germany, though, the destruction of jobs is reaching catastrophic levels. The Maastricht treaty is a convenient scapegoat, yet, in truth, such countries are unable politically to adopt the labour market reforms which would address the competitiveness problem directly. So they are being forced back on headlong currency devaluation as a second-best solution.

But such a transparent attempt to devalue real wages – or, more accurately, real employment costs, including crippling social security charges – has already aroused a furious response from the powerful German unions; and, to the extent that this adjustment is achieved through imported inflation,

it will cause problems with watchdogs such as the Bundesbank, too.

In the UK, sterling's appreciation has the opposite effect of suppressing inflation, at least temporarily, as the Bank of England's *Inflation Report* acknowledged this week. But this downward pressure on prices is a mechanism for transmitting the continental depression to UK manufacturers of traded goods: in the stock market, sectors like chemicals, paper and engineering are notably underperforming.

Just imagine that the UK was already in the single currency. With 3 per cent interest rates and a highly competitive industry, an all-out boom would be under way, accompanied by rapidly accelerating inflation in the labour and property markets. At the very least, a huge rise in taxation would be required (Italian-style) to achieve a degree of economic convergence.

No wonder UK politicians prefer to avoid the subject. And such is the degree of continental slump that it is becoming steadily more realistic to hope the whole subject will indeed slip off the immediate agenda.

■ Barry Riley will be on sabbatical for the next six weeks.

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6	MIT	6	\$10,000	1960
7	UCLA	7	\$9,000	1960
8	UC Berkeley	8	\$8,000	1960
9	Northwestern	9	\$7,000	1960
10	Duke	10	\$6,000	1960
11	Georgetown	11	\$5,000	1960
12	University of Michigan	12	\$4,000	1960
13	University of Wisconsin	13	\$3,000	1960
14	University of Texas	14	\$2,000	1960
15	University of California	15	\$1,000	1960

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Dow straddles 7,000, techs down Peace process lures investors to Tel Aviv

Judy Dempsey on a positive outlook for Israel

AMERICAS

The Dow Jones Industrial Average moved back and forth across the 7,000 level in quiet trade as US shares gave back some of the strong gains made over the course of this week, writes Lisa Branstetter in New York.

Blue-chip shares twice dipped below the psychologically important 7,000 level but, by midday, they were holding above that level.

At noon, the Dow was 6,999, down from 7,043.35. The Standard & Poor's 500 slipped after crossing the 800 point benchmark on Wednesday, losing 1.93 at 809.89. NYSE volume came to 256m shares.

Yesterday's losses were modest given that, by Thursday's close, the Dow had climbed nearly 167 points on the week, and the S&P had risen by more than 12 points.

The technology-rich Nasdaq composite, which gained 15.61 points by Thursday's close, shed 3.99 at 1,366.92 and the Pacific Stock Exchange technology index, which contains NYSE and Nasdaq issues, lost 0.5 per cent.

All four of the Nasdaq's largest companies were lower. Intel slumped \$3 at \$154, Microsoft lost \$1 at \$98.75, Cisco Systems dropped \$4 to \$62.75 and Oracle shed \$4 at \$41.

Cyclical shares were especially strong after underperforming other sectors for

much of the week. The Morgan Stanley index of cyclical shares added 0.2 per cent, while the counterpart index of companies in the consumer non-durable sector lost 0.4 per cent.

Banks also showed strength as interest rates slipped. Citicorp added 1% at \$29.44 and Chase Manhattan Bank rose 7% to \$102.

Shares in American Airlines were off \$1 at \$82 amid worries about a pilots strike at the US carrier. Pilots were still talking with management yesterday, but a strike was set to begin at midnight if no agreement was reached.

Merck was one of the hardest hit shares in the Dow. The US pharmaceuticals

company gave up \$2.4 or 3 per cent at \$97.4.

TORONTO moved lower during the morning session, dragged down by a weak start on Wall Street and signs of profit-taking after the recent rally. At the noon calculation the 300 composite index was off 17.32 at 6,297.66.

Takeover talk switched from the oil pitches to paper following the news that Abitibi-Price, the world newspaper leader, was in merger negotiations with Stone Consolidated.

Abitibi came off 25 cents to \$22.25 and Stone, number four in the global newspaper league, jumped 60 cents to \$28.50. Bank of Montreal shed 55 cents to \$349.65.

CARACAS jumped 2.1 per cent at midsession as the benchmark Electricidad de Caracas and CanTV, the local telecommunications monopoly, continued to move solidly higher. The IBC index stood 133.44 higher at 6,655.16. Electricidad picked up 3 bolivars at 516 bolivars, while CanTV class D shares rose 14.75 bolivars at 2,060.00 bolivars.

MEXICO CITY edged ahead at midsession and the IPC index was 2.29 higher at 3,780.75 in relatively low volume.

SAO PAULO edged down at midsession on some profit-taking after Thursday's Bovespa future index expiry. The Bovespa index lost 100 to 87,549.

Earnings are forecast to rise 21.3 per cent this year compared with estimates of 2.3 per cent in 1996, and analysts are forecasting a prospective p/e of 16 for 1997.

Against this background, traders are asking if the market is finally emerging from the doldrums after the 1994 crash.

A setback, however, is already under way. On Thursday, the last trading day of the week, the Mish-tanin index closed at 232.69 after days of volatile trading.

Traders had been expecting some correction, because buyers had spent the past month profit-taking on stocks which, arguably, are still underpriced. "When you look at the prices, the nominal value is at an all-time high but in real terms they are still 30 per cent lower than in 1994," says Ms Daniela Finn at Batucha Securities.

The correction, however, has not dented the consensus that the market continues to face sustained growth. One of the reasons, apart from the availability of underpriced stocks, is the impact of the peace process.

The Israeli troop withdrawal from the West Bank city of Hebron last month, followed by continuing talks between Israelis and Palestinians, have reassured investors.

Indeed, traders say that foreign institutional investors

are returning, snapping up retailing stocks such as Supersol and Blue Square which are both expecting about a 14 per cent rise in revenues this year, buying Koor, the solid industrial conglomerate which continues to seek international partners; and targeting chemicals.

The combination of what seems to be a successful fiscal and monetary policy is also helping. Now that the government of Mr Benjamin Netanyahu, the prime minister, has pushed through cuts

to point to a lowering of interest rates. "Further interest rate cuts will persuade savers to move out of short-term deposits and back into funds," says Mr Keith Phillips, Israeli analyst at Société Générale.

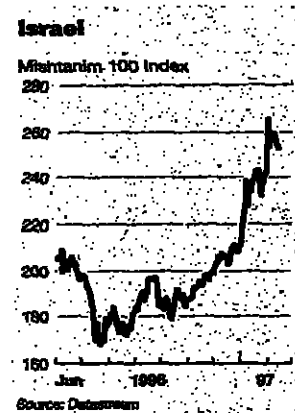
Indeed, last month, for the first time in three years, mutual funds posted a net inflow, totalling Shk141m across 310 funds. Analysts say that this was the first hint that the Israeli public was re-entering the market. Local investors, however, are notoriously cautious.

Israelis redeemed more than Shk15.2bn from provident funds last year, shifting instead to short-term savings deposits because of the attraction of the high interest rates. The trend finally broke last December when a net inflow into the provident funds was recorded. As with the budget deficit for January, analysts are hoping last month's net redemptions of Shk266m from the provident funds will be a blip, and local investors will continue their steady but slow return to the market.

The market itself is set to offer more stock in coming months as the government's privatisation plans appear to be back firmly on the agenda. The government said recently that it had buyers for stakes held by Bank Hapoalim, the largest bank, in Koor and Clal, the two industrial conglomerates.

It added that it would release further stock in Israel Chemicals, the chemicals and fertilisers group, through a direct sale to the Eisenberg group or directly into the stock market.

The government is also pressing ahead with reducing its own stakes in the country's three largest banks through direct sales or public offerings. "All in all, this year will be very interesting for the capital markets," said Mr Ron Lubach, managing director at Lehman Brothers. "Foreign and local investors are returning."



of Shk7.2bn in this year's budget to bring the deficit down to 2.8 per cent of gross domestic product, traders reckon that the Bank of Israel, or central bank, should respond with a substantial cut in the key lending rate, currently 14.2 per cent.

However, last month's unexpectedly high budget deficit of Shk1.3bn may delay such a move, even though the finance ministry is hoping that the January deficit figures are a blip and will still allow the government to meet the 1997 budget deficit target of Shk9.7bn.

Meanwhile, the Bank of Israel remains as determined as ever to maintain its tough monetary policy in order to keep the 10.1 per cent inflation rate under control. It will not be rushed into making large rate cuts.

Still, the trend continues

Paris flat after Renault profits warning

EUROPE

Shares in PARIS gave up early gains after a warning from Renault that operating losses for 1996 would emerge at a "considerably higher" level than stock market estimates. The CAC 40 ended 0.59 lower at 2,627.42.

Renault retreated FFr7.50 or 5.8 per cent to FFr124.50, closing 21 per cent below its 12-month peak. Peugeot shed more than 4.5 per cent, sliding FFr28.00 to FFr84.

The statement from Renault, which made it clear that both trucks and cars would lose money for last year, cast a pall of gloom over an otherwise relatively buoyant market.

Carrefour and Rhône-Poulenc both jumped more than 3 per cent, the former gaining FFr136 to FFr3,558 and the latter FFr6.70 at FFr193.3. Alcatel Alsthom rose FFr14 to FFr587.

AMSTERDAM nudged up to another all-time best helped by another strong day for Unilever which jumped almost 5 per cent on a fresh appraisal of the restructuring potential at the detergents-to-foods giant.

Trading was mixed but upbeat stories comfortably outweighed those which were negative, and the AEX index ended 6.99 better at 719.49.

Unilever advanced FFr15.50 to FFr351 in 2.2m shares. KLM added FFr2.00 to FFr56.10. Among financials, ABN-Amro spurred FFr3.50 to FFr130.10.

ZURICH returned to its record-setting ways encouraged by the stronger dollar and low domestic bond yields.

The SMI index, which saw a small pullback on Thursday after registering record closes in each of the 10 previous sessions, rose 27.9 to 4,464.2.

UBS, due to release 1996 results next Friday, continued to recover from recent underperformance, rising SFr16 to SFr1293.

Zurich Insurance eased 50 centimes to SFr428.50 following sharp gains earlier in the week after Goldman Sachs added the shares to its European priority list.

SMH, the watchmaker, shot up to a high of SFr963 on a joint venture with Cal-

FTSE Actuaries Share Indices

Feb 14	Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE 100	2186.00	2187.40	2187.40	2187.40	2187.40	2187.40	2187.40	2187.40	2187.40
FTSE 200	2186.00	2187.40	2187.40	2187.40	2187.40	2187.40	2187.40	2187.40	2187.40

Source: Reuters. Note: 10.30 = 10.30 AM; 11.00 = 11.00 AM; 12.00 = 12.00 PM; 13.00 = 1.00 PM; 14.00 = 2.00 PM; 15.00 = 3.00 PM. © FTSE International Limited 1997. All rights reserved.

vin Klein, the US fashion and design group. The shares subsequently pulled back to finish SFr9 higher at SFr947 as SMI announced that 1996 sales rose by an estimated 6 per cent, lower than some forecasts.

FRANKFURT mid-caps eased with its blue chips as the Dax 30 fell 7.89 to an 1815-indicated 3,249.17. But while there was still a lot of turnover in the big stocks, the total rising from DM14.6bn to DM14.8bn, share price action was more exciting among the smaller fry.

Brau und Brunnen, suspended on Thursday prior to the sacking of its chairman, Mr Friedrich Ebeling, led the list with a gain of DM19 or 14.3 per cent to DM152. Brokers took the view that new management could advance the brewer's restructuring programme.

Also in mid-caps, the sportswear groups, Puma and Adidas, rose after

Puma's late Thursday announcement of a fourfold increase in US shoe sales in 1996. Puma climbed DM6, or 10.5 per cent to DM632.20 while Adidas rose DM2 to DM161.50 in sympathy.

MILAN was mixed, with telecoms at the centre of attention as investors tried to position themselves ahead of the merger between Stet and Telecom Italia later in the year. The Comit index picked up 3.73 to 785.63 while the real-time Mibtel index lost 7.2 to 12,514.

Stet picked up L112 to L4,446 but TI gave up L21 to L4,543 as investors tried to second guess the government over the share swap ratio to be employed.

MADRID's banking sector was strong ahead of shareholder meetings, a 1.3 per cent gain overall taking in rises of Ptas8 to Ptas3,695 at BCH, and Ptas40 to Ptas470 at Santander. Telefonica rose Ptas5 to Ptas3,400 on the final day of the retail share offer,

and the general index hit a new all-time high, up 3.11 at 480.66.

STOCKHOLM, too, saw strength in banks, up 1.9 per cent after S-E-Banken posted a 68 per cent jump in 1996 operating profits and closed SKr2 higher at SKr72.50. However, it was weak elsewhere, Ericsson losing SKr3.50 at SKr245.50, and the Alfa Romeo General index fell 9.8 to 2,651.4.

HELSINKI matched Stockholm's weakness in telecoms, Nokia A losing Fmk4 at Fmk15 after a post-bourse price of Fmk31 on Thursday, but here, forestry rose 2 per cent on product price rises and on recent broker upgrades. The Hex index peaked again, 10.61 higher at 2,865.59.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

SOUTH AFRICA

Shares in Johannesburg failed to follow up on Thursday's strong gains and the all-share index finished off 20.8 at 7,020.7. Golds added 4.7 to 1,395.1 with Freegold gaining 60 cents to R36, but dealers said the general trend was for a broad correction. The industrial index dipped 27.5 to 8,505.3.

Tokyo revives on telecoms initiative

ASIA PACIFIC

President Bill Clinton's request to the Japanese prime minister, Mr Ryutaro Hashimoto, to relax rules on foreign ownership of Japan's telephone operators revived TOKYO, which had been lagging after three days of gains, writes Jonathan Armistead.

The Nikkei 225 average rose 33.94 to 18,220.00 after moving between 18,608.50 and 18,880.61. The afternoon rebound took in telecommunications issues, large capital steel stocks and companies whose earnings outlook was improved by the weakness of the yen.

The communications sector peaked 4 per cent higher, following press reports of President Clinton's personal letter to Mr Hashimoto calling for the abolition, or relaxation, of the regulation restricting the combined foreign ownership of Nippon Telegraph and Telephone (NTT) and its international counterpart, Kokusai Den-

shin Denwa (KDD), to less than 20 per cent.

Volume increased to an estimated 583m shares from 548m, bolstered by the settlement of February futures and options. Declines led advances by 565 to 519 with

THE WEEK'S CHANGES

	% Change
Tokyo	+4.8
Sydney	+1.4
Kuala Lumpur	+0.4
Hong Kong	-5.0
Bangkok	-4.0

166 unchanged. The Topix index of all first section stocks gained 7.09 to 1,369.89, and the capital-weighted Nikkei 500 by 1.79 to 2,673.20.

Telecoms stocks rose in spite of a swift rejection of Mr Clinton's request by the posts and telecommunications ministry. NTT ended ¥13,000 higher at ¥855,000; KDD gained ¥110 to ¥7,520.

Low-priced, large-cap steel companies advanced on rota-

tional buying by dealers. Nippon Steel ended ¥23 higher at ¥333, Kawasaki Steel ¥19 at ¥333, and NKK ¥8 at ¥259.

Seven-Eleven Japan jumped ¥120 to ¥7,710 on its bright earnings outlook. Sony's advance slowed to ¥10 at ¥9,080, while TDK lost ¥180 on profit-taking to end at ¥8,320.

Contractors were among the main losers, on bad loan concerns. Obayashi fell ¥24 to ¥666 and Shimizu ¥30 to ¥763.

In Osaka, the OSE average added 42.89 to 19,457.16 in volume of 94.1m shares.

BANGKOK ended five straight days of declines as bargain hunters moved in aggressively towards the close of trading. Down more than 4.5 per cent at one stage during the day, the SET index swung back to close 15.42 or 2.3 per cent higher at 713.48.

Early weakness followed reports that Moody's had Thailand's long-term credit rating on downgrade watch.

But the government support fund stepped into the market after lunch and this prompted a wave of bargain hunting. Siam Commercial Bank, off B42 at B41.37, was the most active stock. Finance One rose B40.75 to B42.50 and TelecomAsia put on B2 to B4.65.

HONG KONG ran up its heaviest weekly loss since last March as the Hang Seng index closed 128.69 lower at 13,113.26. Swire Pacific fell HK\$2.25 to HK\$65.25 and Wheelock came off 70 cents to HK\$19.50.

KUALA LUMPUR succumbed to modest profit-taking after two days of post-festival rally. The composite index closed off 12.19 or almost 1 per cent at 1,246.91.

But there was continued good demand for second line stocks. The Second Board index put on 9.64 to 627.82.

SYDNEY closed lower as investors took profits in response to recent sharp gains. The All Ordinaries index closed down 13.8 at 2,482.6.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS	US	Day's Change	THURSDAY FEBRUARY 13 1997	Local	Local	Gross	US	Day's Change	WEDNESDAY FEBRUARY 12 1997	Local	Local	Gross	US	Day's Change	THURSDAY FEBRUARY 13 1997	Local	Local	Gross
Australia (76)	221.26	0.0	202.26	174.97	184.08	191.73	1.0	3.87	215.81	105.68	105.68	105.68	1.0	3.87	215.81	105.68	105.68	105.68
Austria (24)	182.85	0.0	167.12	144.08	160.37	180.30	0.2	1.82	182.94	105.68	105.68	105.68	0.2	1.82	182.94	105.68	105.68	105.68
Belgium (26)	226.69	0.0	202.94	180.89	180.89	187.23	0.9	3.27	228.20	207.69	179.14	200.24	1.9	3.27	228.20	207.69	179.14	200.24
Brazil (28)	285.66	0.1	215.59	185.70	206.69	454.85	1.2	1.34	225.15	211.25	185.70	185.70	1.2	1.34	225.15	211.25	185.70	185.70
Canada (114)	202.24	7.3	185.77	185.15	174.25	189.58	1.1	1.85	200.62	185.08	185.08	185.08	1.1	1.85	200.62	185.08	185.08	185.08
Denmark (52)	367.22	0.5	335.94	289.36	322.09	321.08	0.9	1.37	349.39	281.26	285.73	318.39	0.9	1.37	349.39	281.26	285.73	318.39
Finland (29)	261.31	-0.1	238.84	205.81	229.19	273.51	0.7	1.82	261.56	237.40	204.76	228.68	0.7	1.82	261.56	237.40	204.76	228.68
France (62)	486.00	-1.8	444.21	382.86	429.27	483.50	-1.8	3.21	494.87	448.16	397.40	435.05	-1.8	3.21	494.87	448.16	397.40	435.05
Germany (59)	251.33	0.5	229.72	198.04	220.44	268.91	0.6	1.45	250.05	226.95	185.73	218.81	0.6	1.45	250.05	226.95	185.73	218.81
Italy (58)	337.19	0.4	308.19	265.70	295.76	300.80	0.8	3.13	335.80	304.78	265.68	295.32	0.8	3.13	335.80	304.78	265.68	295.32
Japan (140)	113.08	0.5	104.76	88.11	95.19	89.11	1.2	0.88	112.49	102.10	88.08	89.44	1.2	0.88	112.49	102.10	88.08	89.44
Korea (107)	1379.08	-0.8	1280.48	1086.89	1208.57	1175.01	-0.8	1.04	1384.46	1261.13	1087.13	1215.88	-0.8	1.04	1384.46	1261.13	1087.13	1215.88
Malaysia (18)	340.50	1.0	311.30	288.38	298.73	294.19	1.5	2.51	336.14	305.09	284.14	294.14	1.5	2.51	336.14	305.09	284.14	294.14
New Zealand (14)	89.94	2.0	82.21	70.87	76.80	89.57	0.4	1.06	88.21	80.08	68.05	77.10	0.4	1.06	88.21	80.08	68.05	77.10
Norway (41)	511.10	0.6	468.16	414.34	458.04	511.10	0.6	0.85	470.45	399.75	344.79	385.01	0.6	0.85	470.45	399.75	344.79	385.01
Philippines (22)	444.38	0.9	408.17	350.17	389.77	444.38	0.9	0.65	440.40	399.75	344.79	385.01	0.9	0.65	440.40	399.75	344.79	385.01
Singapore (43)	311.10	0.3	289.35	269.32	277.24	311.10	0.3	0.70	311.10	289.35	269.32	277.24	0.3	0.70	311.10	289.35	269.32	277.24
South Africa (44)	360.74	0.3	329.72	294.28	318.40	360.74	0.3	0.48	360.74	329.72	294.28	318.40	0.3	0.48	360.74	329.72	294.28	318.40
Spain (55)	214.38	0.3	195.95	169.35	185.09	214.38	0.3	0.48	214.38	195.95	169.35	185.09	0.3	0.48	214.38	195.95	169.35	185.09
Sweden (50)	430.10	-0.6	408.17	350.17	389.77	444.38	-0.6	1.30	430.10	399.75	344.79	385.01	-0.6	1.30	430.10	399.75	344.79	385.01
Switzerland (33)	75.46	-0.4	68.87	59.45	65.19	75.46	-0.4	0.48	75.46	68.87	59.45	65.19	-0.4	0.48	75.46	68.87	59.45	65.19
Thailand (45)	280.85	-0.2	258.70	221.31	248.34	280.85	-0.2	0.31	280.85	258.70	221.31	248.34	-0.2	0.31	280.85	258.70	221.31	248.34
United Kingdom (210)	280.85	-0.2	258.70	221.31	248.34	280.85	-0.2	0.31	280.85	258.70	221.31	248.34	-0.2	0.31	280.85	258.70	221.31	248.34
USA (554)	280.85	-0.2	258.70	221.31	248.34	280.85	-0.2	0.31	280.85	258.70	221.31	248.34	-0.2	0.31	280.85	258.70	221.31	248.34
Americas (223)	302.03	1.1	278.06	238.00	264.91	302.03	1.1	1.80	298.76	271.17	235.88	261.44	1.1	1.80	298.76	271.17	235.88	261.44
Europe (725)	242.41	0.1	222.48	191.81	213.50	222.48	0.1	0.62	243.05	220.50	190.57	212.58	0.1	0.62	243.05	220.50	190.57	212.58
North (151)	374.74	0.6	342.52	295.29	326.06	374.74	0.6	1.26	374.74	342.52	295.29	326.06	0.6	1.26	374.74	342.52	295.29	326.06
Pacific (873)	134.94	0.5	122.33	105.33	118.35	134.94	0.5	0.98	134.94	122.33	105.33	118.35	0.5	0.98	134.94	122.33	105.33	118.35

Dow at 7,000 and takeover news lifts shares

MARKET REPORT

By Steve Thompson,
UK Stock Market Editor

Wall Street's surge through the 7,000 mark on the Dow Jones Industrial Average on Thursday and a 51st-plus bid provided the perfect background for London's equity market yesterday.

And although the Dow was looking uncertain at the start of US trading yesterday, London held on to most of its gains.

The FTSE 100 closed the day up 13.9 at a new closing record of 4,352.0, and the SmallCap maintained its consistent upward trend, finishing the session 3.8

points at a closing peak of 2,338.9. The FTSE 250 picked up strongly late in the session, eventually closing 19.2 ahead at 4,806.0. It remained, however, 10 points away from its best-ever close of 4,818.0, reached on January 23.

Market strategists, although wary of the ever-increasing possibility of a short-term setback on Wall Street, were relatively sanguine about London.

They pointed out that the UK equity market was supported by its underperformance against Wall Street, and also by recent evidence that economic growth had shown signs of slowing.

"More to the point," said one leading strategist, "European

markets have outpaced London by 20 per cent." He also noted that the big institutions had become too bearish on the outlook for UK interest rates. "The market is effectively discounting UK interest rates of around 7 per cent," he said.

Marketmakers put forward a similar view and emphasised that those of stock from funds, keen to book profits after the recent surge, were being mapped up.

"Funds that have been over-cautious recently are having to chase any stock that comes on the market and that is making life ever-more difficult for marketmakers who are constantly having to bid up for

stock," said one senior trader.

The trading session began on a cautiously subdued note, with London traders unwilling to lift prices too much at the outset, amid fears that Wall Street's latest burst of strength might not be sustainable.

But the agreed bid by Williams Holdings for Chubb Security, and excellent preliminary numbers from Lloyds TSB, the second biggest UK bank by market capitalisation, injected confidence.

Footsie built on the subsequent burst of enthusiastic buying and climbed to a new record intra-day level of 4,353.4 over lunch.

That move came as US markets absorbed a raft of US economic

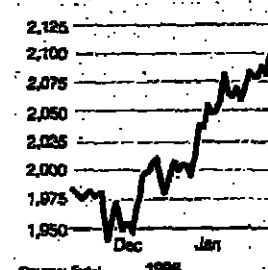
data including a surprise 0.3 per cent fall in producer prices.

The Williams bid for Chubb, seen by some as overpaying and likely to attract a monopolies reference, was not well received in the City, where the former's shares plummeted, reducing the bid price in the process and leaving Chubb stock only marginally up on the session.

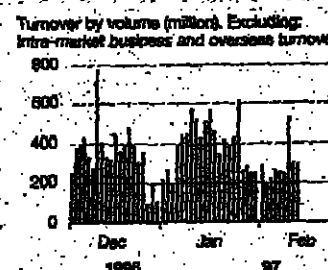
But optimists maintained that more bids and mergers were in the pipeline and continued to target the financial services.

Turnover in equities at 6pm was 925.1m shares. Customer business on Thursday, excluding Crest deals, was valued at \$778.7m.

FTSE All-Share Index



Equity shares traded



Indices and ratios

FTSE 250	4806.0	+19.3
FTSE 350	2142.0	+7.3
FTSE All-Share	2114.12	+6.91
FTSE All-Share yield	3.50	3.51
FT 30	2858.2	+2.4
FTSE Non-Fin p/e	18.25	18.18
FTSE 100 Div Yld	4934.0	+19.0
10 yr Gilt yield	7.14	7.15
Long gilt/equity yield ratio	2.08	2.07

FTSE 100 Index

Closing index for Feb 14	4341.0
Change over week	+33.2
Feb 13	4327.1
Feb 12	4307.1
Feb 11	4304.3
Feb 10	4307.7
High	4353.4
Low	4288.9
Intra-day high and low for week	

TRADING VOLUME IN MAJOR STOCKS

Vol.	Closing	Day's	Vol.	Closing	Day's
000s	2558	Change	000s	2558	Change
ASDA Group	586	+27.1	ASDA Group	586	+27.1
ASDA Retail	10,000	+1.4	ASDA Retail	10,000	+1.4
ASDA Super	217	+8.1	ASDA Super	217	+8.1
ASDA Home	2,000	+2.0	ASDA Home	2,000	+2.0
ASDA Food	686	+28.6	ASDA Food	686	+28.6
ASDA Petrol	1,000	+1.0	ASDA Petrol	1,000	+1.0
ASDA Gas	1,000	+1.0	ASDA Gas	1,000	+1.0
ASDA Insurance	1,000	+1.0	ASDA Insurance	1,000	+1.0
ASDA Services	1,000	+1.0	ASDA Services	1,000	+1.0
ASDA Finance	1,000	+1.0	ASDA Finance	1,000	+1.0
ASDA Telecom	1,000	+1.0	ASDA Telecom	1,000	+1.0
ASDA Media	1,000	+1.0	ASDA Media	1,000	+1.0
ASDA Energy	1,000	+1.0	ASDA Energy	1,000	+1.0
ASDA Transport	1,000	+1.0	ASDA Transport	1,000	+1.0
ASDA Real Estate	1,000	+1.0	ASDA Real Estate	1,000	+1.0
ASDA Healthcare	1,000	+1.0	ASDA Healthcare	1,000	+1.0
ASDA Consumer Goods	1,000	+1.0	ASDA Consumer Goods	1,000	+1.0
ASDA Industrial	1,000	+1.0	ASDA Industrial	1,000	+1.0
ASDA Technology	1,000	+1.0	ASDA Technology	1,000	+1.0
ASDA Utilities	1,000	+1.0	ASDA Utilities	1,000	+1.0
ASDA Other	1,000	+1.0	ASDA Other	1,000	+1.0

EQUITY FUTURES AND OPTIONS TRADING

Vol.	Closing	Day's	Vol.	Closing	Day's
000s	2558	Change	000s	2558	Change
ASDA Group	586	+27.1	ASDA Group	586	+27.1
ASDA Retail	10,000	+1.4	ASDA Retail	10,000	+1.4
ASDA Super	217	+8.1	ASDA Super	217	+8.1
ASDA Home	2,000	+2.0	ASDA Home	2,000	+2.0
ASDA Food	686	+28.6	ASDA Food	686	+28.6
ASDA Petrol	1,000	+1.0	ASDA Petrol	1,000	+1.0
ASDA Gas	1,000	+1.0	ASDA Gas	1,000	+1.0
ASDA Insurance	1,000	+1.0	ASDA Insurance	1,000	+1.0
ASDA Services	1,000	+1.0	ASDA Services	1,000	+1.0
ASDA Finance	1,000	+1.0	ASDA Finance	1,000	+1.0
ASDA Telecom	1,000	+1.0	ASDA Telecom	1,000	+1.0
ASDA Media	1,000	+1.0	ASDA Media	1,000	+1.0
ASDA Energy	1,000	+1.0	ASDA Energy	1,000	+1.0
ASDA Transport	1,000	+1.0	ASDA Transport	1,000	+1.0
ASDA Real Estate	1,000	+1.0	ASDA Real Estate	1,000	+1.0
ASDA Healthcare	1,000	+1.0	ASDA Healthcare	1,000	+1.0
ASDA Consumer Goods	1,000	+1.0	ASDA Consumer Goods	1,000	+1.0
ASDA Industrial	1,000	+1.0	ASDA Industrial	1,000	+1.0
ASDA Technology	1,000	+1.0	ASDA Technology	1,000	+1.0
ASDA Utilities	1,000	+1.0	ASDA Utilities	1,000	+1.0
ASDA Other	1,000	+1.0	ASDA Other	1,000	+1.0

Market doubts on Williams

By Joel Kibazo, Peter John
and Lisa Wood

Industrial conglomerate Williams Holdings fell sharply as the market registered its unease about the group's agreed takeover of Chubb Security, the alarms and locks company.

The shares surrendered 37% to 300p, by far the worst FTSE 100 performer yesterday. Volume soared to a record 22m.

Analysts suggested the cash and paper offer was much bigger than the small-scale acquisitions they had been expecting. One analyst said: "There is no doubt Williams is paying a top price."

Market specialists also indicated their discomfort at the large component of equity being used to fund the deal. One pointed out: "The number of Williams shares available will increase by about 32 per cent as a result of this deal."

Mr Martin Bonford at UBS said: "The industrial logic of this takeover is impeccable. But they are paying a high price to achieve that logic. Long-term holders will ultimately see the benefits but in the short-term, that faith is offset by short-term worries about dilution in earnings and an increase in equity."

Holdings of Chubb stock will be particularly disappointed by the sharp retreat in Williams. At yesterday's closing price, the offer valued each Chubb share at 48p, against 45p when the offer was made. Shares in the alarms and locks group hardened 4% to 434p, having traded 18m by the close.

31. His disposal contributed to a 7 per cent drop in Dixons, provoking criticism as it came just days after he took issue with a "sell" note on the stock.

Pannum Gordon, in a report on the retail sector, has argued that both Dixons and Argos have been over-sold. The broker said that, while there were uncertainties over extended warranties for Dixons, there was no sign of personal computer sales slowing down and sales of its traditional brown and white goods were accelerating.

British Gas improved 8 to 247p ahead of demerger on Monday as the constituent parts were bought in the "grey" pre-market.

When issued BG shares added 6% at 170p while Centrica was stable at 75p. Several brokers believe the Centrica arm of the broken-up company is only being supported by hopes of a takeover. It has announced that it will be unable to pay a dividend for some time, so income funds, which hold British Gas shares for their dividend, will not be buying Centrica and any support is likely to be speculative.

Smith & Nephew lifted 8 to 196p as takeover talk resurfaced.

Unilever climbed 45 to 1,587p on the back of a rise in the price in New York.

Grosvenor Inns weakened 17p to 206p on the back of disappointing results.

Flying Colours, the Jersey based flowers-by-post company, celebrated Valentine's Day with a rise of 4p to 220p after reporting a 49 per cent profit increase.

Reports of the Labour party's proposed windfall tax on all privatised utilities, whose business is licensed and regulated by statute, exacted a heavy toll on several stocks. They included airports group BAA, which gave up 9p to 635p, BT 6p off to 435p, and Railtrack which fell 3p to 388p.

A profits warning from computer software supplier Centradata more than halved the group's shares: they fell 13p to 129p. Dailywrm, the watchmaker, also stunned the market, issuing a profits

CHIEF PRICE CHANGES

Company	Price	Change
ASDA Group	1050	+40
ASDA Retail	580	+25
ASDA Super	1096	+18
ASDA Home	516	+19
ASDA Food	481	+5
ASDA Petrol	184	+15
ASDA Gas	235	+18
ASDA Insurance	218	+10
ASDA Services	403	+17
ASDA Finance	403	+17
ASDA Telecom	28	+9
ASDA Media	123	+7
ASDA Energy	196	+8
ASDA Transport	192	+11
ASDA Real Estate	123	+13
ASDA Healthcare	206	+17
ASDA Consumer Goods	211	+13
ASDA Industrial	184	+7
ASDA Technology	300	+37
ASDA Utilities	123	+13
ASDA Other	123	+13

NEW 52 WEEK

Company	Price	Change
ASDA Group	1050	+40
ASDA Retail	580	+25
ASDA Super	1096	+18
ASDA Home	516	+19
ASDA Food	481	+5
ASDA Petrol	184	+15
ASDA Gas	235	+18
ASDA Insurance	218	+10
ASDA Services	403	+17
ASDA Finance	403	+17
ASDA Telecom	28	+9
ASDA Media	123	+7
ASDA Energy	196	+8
ASDA Transport	192	+11
ASDA Real Estate	123	+13
ASDA Healthcare	206	+17
ASDA Consumer Goods	211	+13
ASDA Industrial	184	+7
ASDA Technology	300	+37
ASDA Utilities	123	+13
ASDA Other	123	+13

FTSE Actuaries Share Indices

Produced in conjunction with the Faculty and Institute of Actuaries

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ASDA Group	586	+27.1	ASDA Group	586	+27.1
ASDA Retail	10,000	+1.4	ASDA Retail	10,000	+1.4
ASDA Super	217	+8.1	ASDA Super	217	+8.1
ASDA Home	2,000	+2.0	ASDA Home	2,000	+2.0
ASDA Food	686	+28.6	ASDA Food	686	+28.6
ASDA Petrol	1,000	+1.0	ASDA Petrol	1,000	+1.0
ASDA Gas	1,000	+1.0	ASDA Gas	1,000	+1.0
ASDA Insurance	1,000	+1.0	ASDA Insurance	1,000	+1.0
ASDA Services	1,000	+1.0	ASDA Services	1,000	+1.0
ASDA Finance	1,000	+1.0	ASDA Finance	1,000	+1.0
ASDA Telecom	1,000	+1.0	ASDA Telecom	1,000	+1.0
ASDA Media	1,000	+1.0	ASDA Media	1,000	+1.0
ASDA Energy	1,000	+1.0	ASDA Energy	1,000	+1.0
ASDA Transport	1,000	+1.0	ASDA Transport	1,000	+1.0
ASDA Real Estate	1,000	+1.0	ASDA Real Estate	1,000	+1.0
ASDA Healthcare	1,000	+1.0	ASDA Healthcare	1,000	+1.0
ASDA Consumer Goods	1,000	+1.0	ASDA Consumer Goods	1,000	+1.0
ASDA Industrial	1,000	+1.0	ASDA Industrial	1,000	+1.0
ASDA Technology	1,000	+1.0	ASDA Technology	1,000	+1.0
ASDA Utilities	1,000	+1.0	ASDA Utilities	1,000	+1.0
ASDA Other	1,000	+1.0	ASDA Other	1,000	+1.0

The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

Day's	Vol.	Closing	Day's	Vol.	Closing
000s	2558	Change	000s	2558	Change
ASDA Group	586	+27.1	ASDA Group	586	+27.1
ASDA Retail	10,000	+1.4	ASDA Retail	10,000	+1.4
ASDA Super	217	+8.1	ASDA Super	217	+8.1
ASDA Home	2,000	+2.0	ASDA Home	2,000	+2.0
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ASDA Petrol	1,000	+1.0	ASDA Petrol	1,000	+1.0
ASDA Gas	1,000	+1.0	ASDA Gas	1,000	+1.0
ASDA Insurance	1,000	+1.0	ASDA Insurance	1,000	+1.0
ASDA Services	1,000	+1.0	ASDA Services	1,000	+1.0
ASDA Finance	1,000	+1.0	ASDA Finance	1,000	+1.0
ASDA Telecom	1,000	+1.0	ASDA Telecom	1,000	+1.0
ASDA Media	1,000	+1.0	ASDA Media	1,000	+1.0
ASDA Energy	1,000	+1.0	ASDA Energy	1,000	+1.0
ASDA Transport	1,000	+1.0	ASDA Transport	1,000	+1.0
ASDA Real Estate	1,000	+1.0	ASDA Real Estate	1,000	+1.0
ASDA Healthcare	1,000	+1.0	ASDA Healthcare	1,000	+1.0
ASDA Consumer Goods	1,000	+1.0	ASDA Consumer Goods	1,000	+1.0
ASDA Industrial	1,000	+1.0	ASDA Industrial	1,000	+1.0
ASDA Technology	1,000	+1.0	ASDA Technology	1,000	+1.0
ASDA Utilities	1,000	+1.0	ASDA Utilities	1,000	+1.0
ASDA Other	1,000	+1.0	ASDA Other	1,000	+1.0

Lloyds profit-taking

Lloyds TSB began the banking sector's reporting season with the announcement of record profits and the shares fell.

Profits rose to £2,505bn from £1,650bn previously and the total dividend came out

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the problems that cause deforestation.

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hardwoods take up to two hundred

years to mature.

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Pakistan, we supply

fast growing local pine species.

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Company	Price
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BANKS, RETAIL

Company	Price
...	...

BREWERIES, PUBS & REST

Company	Price
...	...

BUILDING & CONSTRUCTION

Company	Price
...	...

BUILDING MATS. & MERCHANTS

Company	Price
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CHEMICALS

Company	Price
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CHEMICALS - Cont.

Company	Price
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DISTRIBUTORS

Company	Price
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DIVERSIFIED INDUSTRIALS

Company	Price
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ELECTRICITY

Company	Price
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ELECTRONIC & ELECTRICAL EQPT

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ENGINEERING

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ENGINEERING - Cont.

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ENGINEERING - Cont.

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EXTRACTIVE INDUSTRIES

Company	Price
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EXTRACTIVE INDUSTRIES - Cont.

Company	Price
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Company	Price
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FOOD PRODUCERS

Company	Price
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FOOD PRODUCERS - Cont.

Company	Price
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HOUSEHOLD GOODS

Company	Price
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INSURANCE - Cont.

Company	Price
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Company	Price
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INVESTMENT TRUSTS

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Company	Price
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INVESTMENT TRUSTS - Cont.

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INVESTMENT TRUSTS - Cont.

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Company	Price
...	...

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15/2/97

Beijing irritated by S Korea's disclosure of top-level defection

By John Burton in Seoul

China yesterday expressed displeasure that the Seoul government had announced the defection of Mr Hwang Jang-yop, a senior North Korean official, in an apparent attempt to divert attention in South Korea from the Hanbo Steel loan scandal.

Opposition political parties in Seoul accused the government of using the defection to speed the end of an official probe into the loan scandal, which threatens to implicate the inner circle of President Kim Young-sam.

The accusations came as a South Korean newspaper reported that Mr Hwang told South Korean diplomats in

Beijing last August that more than 50,000 North Korean spies were operating in the south. The ruling New Korea party seized on reports of spy infiltration to demand that intelligence authorities launch a thorough search for North Korean moles.

The Hanbo loan scandal involves allegations that senior officials in Seoul were bribed to put pressure on banks to grant huge loans to the company, which went bankrupt last month.

South Korea disclosed Mr Hwang's defection just hours after it took place last Wednesday, breaking a long-standing diplomatic understanding that news of North Korean defections in China would be kept

quiet. In a sign of pique, Mr Qian Qichen, the Chinese foreign minister, told his South Korean counterpart, Mr Yoo Chong-ha, yesterday that Beijing needed time to study the defection before deciding whether to grant Mr Hwang safe passage to South Korea from the embassy in Beijing, where he is taking refuge.

The defection has placed China in an awkward position, as it wants to maintain good relations with both Korea. North Korea claims Mr Hwang was kidnapped. Foreign ministry officials in Seoul claimed their Chinese counterparts were embarrassed by publicity surrounding Mr Hwang's defection.

South Korean prosecutors

yesterday indicated they were approaching the end of their investigation into the Hanbo scandal. But opposition parties claimed the probe was a cover-up since it failed to question senior government officials possibly involved in approving loans to Hanbo.

Nine people have been arrested, including a cabinet minister, three ruling party MPs, and one from the opposition, two bank presidents, and the founder of Hanbo Group and its former financial officer.

But the opposition and newspapers alleged prosecutors had avoided looking into allegations that Mr Kim Hyun-chul, the president's son, was involved in the scandal.

Saab warns on earnings as losses deepen for 1996

By Greg Mcivor in Stockholm

Saab Automobile, the struggling Swedish carmaker managed and half-owned by General Motors of the US, yesterday announced deeper second-half 1996 losses and warned it expected earnings to deteriorate further this year.

Net losses before one-off items widened to SKr784m (\$107m) in July to December, following a SKr138m deficit in the same period the previous year. Full-year net losses were SKr1.24bn. In 1995 the company broke even.

Saab, led by Mr Robert Hendry, a senior GM executive brought in six months ago to revive the company's flagging fortunes, said it would unveil a new strategy in Stockholm next week, but gave no details. It said it had been hit by higher marketing and product development costs as well as a stronger krona. Retail sales of Saab models fell 0.7 per cent to 98,000 cars.

Saab's accumulated net losses since 1989, when GM joined investor, the main Walenberg empire investment company, as co-owner, are now above SKr1bn. The two companies have also pumped in



Robert Hendry: expects depressed earnings this year

SKr11.5bn of capital to try to reverse the losses.

Investor shares slipped SKr4 to SKr340 in Stockholm yesterday.

Analysts said Saab needed to raise volumes substantially if it was to have a long-term future. As a small, niche producer it lacks the critical mass of larger competitors such as BMW, Audi and Volvo, its Swedish rival.

Volvo, which produced 360,000 cars in 1996, is also considered to lack sufficient volume to underpin sustainable long-term profitability.

Saab's current target is to raise production by 50 per cent by 2000. Mr Hendry last year abandoned plans for a small car, which his predecessor, Mr Keith Butler-Wheelhouse, believed was necessary to achieve higher volumes.

A replacement for the ageing top-of-the-range 9000 model is due this year. The 9000 will be kept in production following the new car's launch before being phased out.

Saab reiterated its forecast that it would return to profit in 1998, but Mr Hendry said "we expect that our continued efforts to improve our marketing capability and product competitiveness will further depress earnings in 1997".

He said performance in 1996 had suffered from considerably higher spending to increase Saab's premium brand identity. Spending had also been increased to strengthen dealer networks. The stronger krona hurt export revenues.

Saab's turnover fell 1.4 per cent last year, from SKr19.97bn to SKr19.68bn. Operating losses were SKr658m, compared with a SKr737m profit last time.

Renault warning, Page 5

Asahi to keep US operations

Continued from Page 1

losses, financial improprieties or transactions.

Asahi has submitted a business improvement plan to US bank regulators at their request, the bank officials said. Under the plan, Asahi will establish an executive office in the US and station seven representatives in New York and Los Angeles to strengthen governance, internal audit and financial reporting functions.

In addition, the bank has agreed to train its US-based personnel in ethics and the US bank supervisory process, the Fed said.

The Federal Reserve order, dated February 13 and signed by Asahi Bank officials, details how the bank will tighten its risk management and operational controls. Under the order, Asahi and the New York branch agreed to "submit reports on a quarterly basis detailing their progress in fulfilling the objectives of the written plan, prepared by their regulatory compliance consultant, to enhance the risk management, operational controls and compliance environment of the New York branch".

THE LEX COLUMN

Williams triggers alarms

Strategically, Williams Holdings and Chubb Security fit like a key in a lock. The combined business will be able to offer a comprehensive range of security and fire protection products. And Williams' US presence dovetails neatly with Chubb's strength in Europe and Asia.

But that does not excuse Williams from overpaying. If Chubb makes operating profits of £112m (£181.4m) in 1997-98 and Williams fully realises the £40m of promised cost savings, the post-tax return on its £1.34bn all-in investment will be 7% per cent. That compares with the group's cost of capital of at least 10 per cent and returns of 15 per cent or so from recent built-on purchases.

Looking at it another way, assume Chubb was fairly valued by the market at \$560m before bid speculation began. On that basis, Williams is paying a premium of \$560m including costs or a multiple of 13 times for the £27m of post-tax merger benefits. That is a generous rating, since the savings will not grow. On either measure, it is hard to see how this deal adds value.

That does not mean the shares deserved to fall by 11 per cent. The market was scared by Williams' return to big deals funded by equity. And the unfortunate - and to be hoped temporary - exclusion from the FTSE 100 index did not help. It is also a fair bet, given the management's record, that the cost savings will exceed estimates. But it does appear that the group has paid up to discourage other potential bidders. Williams has its work cut out to persuade shareholders that this is a deal of a lifetime.

Lloyds TSB

Sir Brian Pittman is keen that Lloyds TSB should be a world-class company, always striving for the unattainable. Now investors are finding out what it means to be stretched, as Lloyds' share price surges ever further into uncharted territory. Normally a price/book ratio of five times would be a sure-fire sell signal. But not when the bank is making a 33 per cent return on equity, based on resilient underlying earnings.

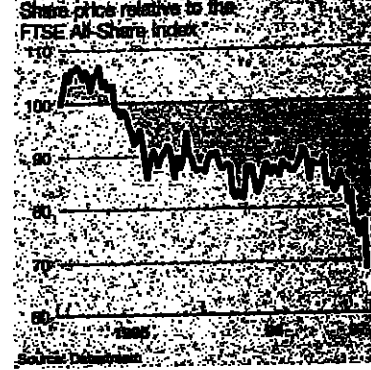
One reason for believing this is sustainable is the big fall in bad debt charges. This suggests that the bottom of the banking cycle remains some way off. But the bigger factor is Lloyds itself, now a formidable retail financial services machine. Yesterday's figures were a good reminder: net interest income

FTSE Eurotrack 200:

2186.0 (-1.3)

Williams Holdings

Share price relative to the FTSE All-Share Index



rose by 11 per cent, but costs were kept flat and the quality of the loan book was improved. Flat margins are a concern, but the group's ability to cross-sell successfully should allow it to compensate with higher volumes. Cheltenham & Gloucester mortgage products have sold very well through Lloyds branches, with TSB outlets offering a similar opportunity.

Although the shares look fully valued, they are also well underpinned. Some investors will buy as a proxy for demutualising building societies. More important, prodigious cash generation will support healthy dividend growth, while providing ammunition for further acquisitions. Given Lloyds' good record, there can be some confidence it will either buy wisely or return the money to shareholders.

British Gas

By Monday, British Gas will be history. In its place there will be not only two unattractively named descendants, but some peculiarly knotty valuation problems.

Start with BG, the plumper of the two offspring. The company will be a curious hybrid, inheriting not only British Gas's pipeline network but also its "upstream" exploration and production business. Unfortunately, investors traditionally value such businesses completely differently: the mature cash cow on yield; the upstream operations on assets.

Consider, for instance, a traditional utility-style valuation. Assume BG emerges from the Monopolies and Mergers Commission able to afford a 7% dividend. On a utility yield, BG would then be worth 160p a share at most.

Yet this must underestimate the company's value. To see why, consider that the regulator's proposals imply an enterprise value for the pipeline network of £11.7bn. Add say £2.5bn for BG's upstream and other businesses, subtract £3.5bn in net debt and a £500m potential windfall tax. By this more fundamental logic, BG is worth a hefty 220p a share - even ignoring the potential for further gearing-up. Yesterday's grey market price of 169p looks good value by comparison.

Of course, investors are reluctant to put a wholehearted valuation on either utilities or conglomerates. And BG will be both. Nonetheless, if a preponderance of yield-financed investors strand BG on a utility rating, shareholders should not despair. In the end, the management would surely have to tackle such a valuation gap through a break-up - or risk being taken over.

Putting a credible value on Centrica, BG's other half, is trickier still. To make a stab, start with the Morecambe gas fields, independently valued at £2.5bn. Then subtract the cost of renegotiating the company's "take or pay" gas contracts to market prices - probably somewhere around £1.3bn.

If this were the whole picture, Centrica would be worth 25p a share. So why is the grey market betting on 76p? The difference - more than £2bn in market capitalisation - implies some distinctly racy assumptions about the future profitability of Centrica's operating businesses. It would, for a start, be unwise to rely at this stage on value in the loss-making service or retail operations. So the real question is whether the boring business of supplying millions of individuals and businesses can plausibly be worth £2bn, or more than £100 per customer.

Well, maybe. After all, Scottish Hydro was willing to offer this kind of pro rata price in an abortive deal last year. But if investors are pinning their hopes on a bid for the whole company, the scope for disappointment is obvious. For any bidder, taking on Centrica would be a formidable gamble. Many of the rumoured link-ups would raise competition issues. And although Centrica lacks a golden share, it does contain a poison pill of sorts - BG's right to snaffle back the British Gas brand if Centrica is taken over. Certainly BG looks better value; investors should sell the one and buy the other.

US scientists developing chip to diagnose cancers

Continued from Page 1

aggressive cancers for which surgery is essential.

He predicts that within 10 to 15 years a multi-cancer chip, containing 150,000 different pieces of DNA, will be able to diagnose and characterise the 20 most common cancers.

The chip will recognise the distinctive pattern of genes that are active in each category of cancer.

Technology based on ink jet printing is used to lay down

the DNA on a silicon disc. Prof Hood says this is faster and more flexible than the technique of photolithography favoured by Affymetrix, the Californian biotechnology company that has pioneered the early development of DNA chips.

Most of the research is funded from academic sources without industrial sponsorship, but Darwin Molecular, a Seattle biotechnology company, is sponsoring some of the prostate cancer work. Last

December Darwin was acquired for \$130m by Chiroscience of the UK, and Prof Hood is chairman of Chiroscience's scientific advisory board.

Dr David Galas, Darwin's chief scientist, describes the cancer chip project as "a bit speculative but perfectly achievable".

Dr Galas says if the diagnostic chip can be achieved for cancer, similar chips will be possible for other complex diseases such as rheumatoid

arthritis. "The ability to stratify a disease into distinct types is going to have profound implications for the pharmaceutical industry," Prof Hood says.

"One will be able to develop therapeutic agents that are specific for each stratified disease type."

Looking 30 years ahead, Prof Hood foresees a chip with DNA representing all of the 100,000 human genes, which could characterise a vast range of diseases.

FT WEATHER GUIDE

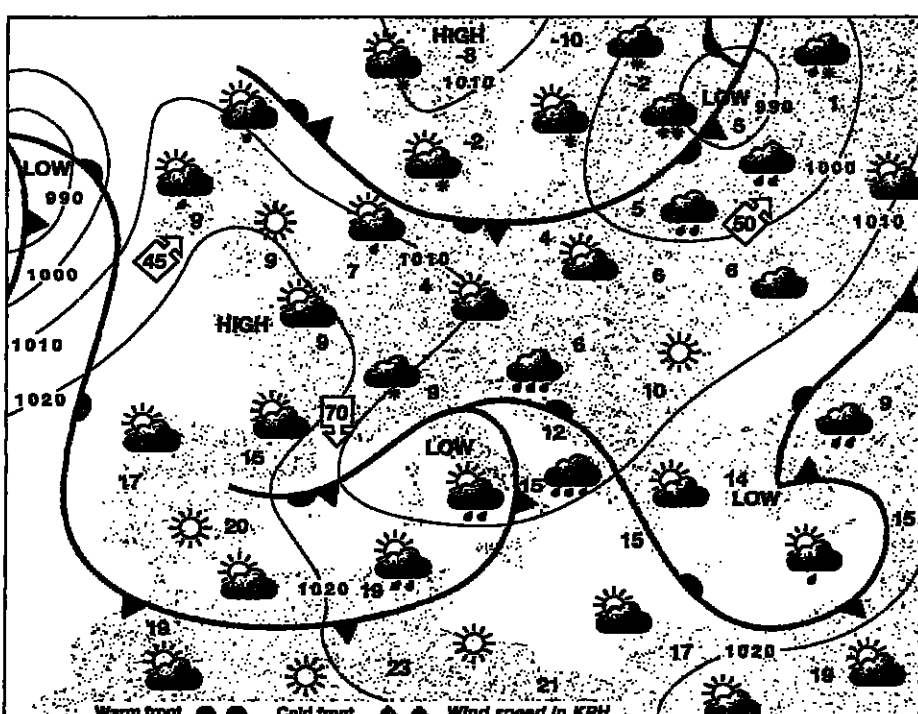
Europe today

The UK and Ireland will start sunny and dry, but winds and cloud will increase again during the afternoon. Another wet disturbance will move from south-eastern France into Italy and the Balkans. Italy will have heavy rain and thunder showers. A strong Mistral wind will develop in the Rhone valley. Calm and mainly dry conditions will prevail just north and west of the Alps. A cold surge will move across the Baltic states bringing blustery snow showers. Southern Finland and Russia will also have snow showers. Western Scandinavia will be frosty, with broken clouds producing the odd shower.

Five-day forecast

Most of western Europe will be settled on Sunday. The UK and south-eastern Europe will be wet and windy. Northern Europe will stay cold.

At the beginning of the week, a westerly flow will bring mild and unsettled conditions. The western Mediterranean will turn dry.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Maximum	Minimum	Forecast
Abu Dhabi	sun 23	fair 23
Accra	show 18	cloudy 22
Algiers	fair 18	show 18
Amsterdam	fair 16	show 16
Athens	fair 16	show 16
Atlanta	fair 8	show 8
Bahia	fair 27	show 27
Bangkok	fair 30	show 30
Barcelona	fair 16	show 16

Berlin	sun 7	fair 7
Bombay	sun 8	fair 8
Buenos Aires	sun 18	fair 18
Calcutta	sun 22	fair 22
Cairo	sun 22	fair 22
Cardiff	sun 8	fair 8
Chennai	sun 22	fair 22
Colombo	sun 22	fair 22
Dakar	sun 22	fair 22
Dallas	sun 22	fair 22
Delhi	sun 22	fair 22
Dubai	sun 22	fair 22
Dublin	sun 22	fair 22
Durham	sun 22	fair 22
Edinburgh	sun 22	fair 22

Faro	sun 18	fair 18
Frankfurt	sun 18	fair 18
Glasgow	sun 18	fair 18
Glasgow	show 18	show 18
Hamburg	show 18	show 18
Helsinki	show 18	show 18
Hong Kong	sun 22	fair 22
Honolulu	sun 22	fair 22
Isle of Man	sun 22	fair 22
Jakarta	sun 22	fair 22
Jakarta	sun 22	fair 22
Jersey	sun 22	fair 22
Karachi	sun 22	fair 22
Kuala Lumpur	sun 22	fair 22
La Paz	sun 22	fair 22
La Paz	sun 22	fair 22
Lima	sun 22	fair 22
Lisbon	sun 22	fair 22
Luxembourg	sun 22	fair 22
Lyon	sun 22	fair 22
Madrid	sun 22	fair 22

Manila	sun 22	fair 22
Mexico City	sun 22	fair 22
Miami	sun 22	fair 22
Montreal	sun 22	fair 22
Moscow	sun 22	fair 22
Murich	sun 22	fair 22
Nairobi	sun 22	fair 22
Naples	sun 22	fair 22
Nassau	sun 22	fair 22
New York	sun 22	fair 22
Nice	sun 22	fair 22
Nicosia	sun 22	fair 22
Oslo	sun 22	fair 22
Paris	sun 22	fair 22
Perth	sun 22	fair 22
Prague	sun 22	fair 22
Rangoon	sun 22	fair 22
Reykjavik	sun 22	fair 22
Rio	sun 22	fair 22
Rome	sun 22	fair 22
S. Francisco	sun 22	fair 22
Seoul	sun 22	fair 22
Singapore	sun 22	fair 22
Stockholm	sun 22	fair 22
Strasbourg	sun 22	fair 22
Sydney	sun 22	fair 22
Taipei	sun 22	fair 22
Tel Aviv	sun 22	fair 22
Tokyo	sun 22	fair 22
Toronto	sun 22	fair 22
Vancouver	sun 22	fair 22
Venice	sun 22	fair 22
Vienna	sun 22	fair 22
Warsaw	sun 22	fair 22
Washington	sun 22	fair 22
Wellington	sun 22	fair 22
Whitby	sun 22	fair 22
Zurich	sun 22	fair 22

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 Palace Hotel, Plaza de las Cortes, 7

Barcelona
 Thursday 13 March at 7.00 pm
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